FAR EASTERN

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FINANCE, TRADE & INDUSTRY

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Notes of the Week

Pavment of pre-war debts during Japanese Occupation

Two cases of the greatest importance not only for Hong Kong and Malaya but also from the point of view of International Law generally, have been decided by Judge Jose Gutierrez David of the Manila Court of First Instance in favour of plaintiffs who were creditors in respect of debts incurred before the outbreak of war.

They are probably the first cases dealing with the law governing the economic and financial problems arising from enemy occupation of territory during the recent war.

In both cases it was decided that a debtor did not discharge his pre-war debt by paying the Japanese Liquidator of a business in occupied territory inasmuch as such payment was not made to the rightful creditor; that it was immaterial whether the payment was made in genuine Peso currency or Japanese occupation currency as long as payment was not made to the person who had right to receive it or to his authorised agent. The Japanese Liquidator had no such right.

Both cases concerned mortgagors who before the war had borrowed money on the security of land and building and other securities; both purported to pay their debts to the Japanese Liquidators in Japanese military currency and obtained the release of the securities and the cancellation of the mortgages. The Court held, however, that the debts had not been discharged and still remained payable and the mortgage stood unimpaired with full force and effect.

The first case was that of the Hongkong and Shanghai Banking Corporation against Luis Perez Samanillo Inc., and the Registrar of Deeds in Manila; the second was that of Allison G. Gibbs, et al against Eulogio Rodriguez, et al.

In the former case, the facts were as follows:—

About May 1927 the defendant Luis Perez-Samanillo obtained an overdraft from the Bank against the security of a mortgage on land and buildings in Manila known as the "Perez-Samanillo Building". On January 1st, 1942, the debit balance of the overdraft amounted to Ps. 1,414,770.30 Philippine currency.

During the Japanese occupation of the Philippines, Japanese authorities seized the Bank, and appointed the Bank of Taiwan as liquidator. The defendant company during the period from the 12th to 30th August, 1944, paid to the Bank of Taiwan as liquidator the sum of Ps. 1,639,419.24 in Japanese military currency (generally known as "Mickey Mouse money") on account of its overdraft with the bank.

The Bank of Taiwan executed and delivered to the defendant company a deed of cancellation of the deed of mortgage on the strength of which the Office of the Register of Deeds of Manila noted the discharge of the mortgage in question on the corresponding certificates of title.

The court held that the purported payment of the mortgage debt to the Liquidator was invalid and that the debt remained undischarged.

In concluding his judgment, the Judge stated:—

"In conclusion, the Court finds and so declares that the acts of the Japanese belligerent in the Philippines were governed by and subject to the Hague Regulations of 1907 which declare the inviolability of private property of the nationals of an occupied territory and prohibit their confiscation; that said Regulations were in force during the occupation of the country by said belligerent; that the credit in question, in accordance with the provisions of said Regulations, is exempt from confiscation; and that, consequently, the sequestration and subsequent disposition of said credit by the bank liquidator appointed by the Japanese invader, are clearly in violation of said Regulations. Having been done against the law, and there being no law validating them, the said confiscatory acts of the Japanese belligerent are null and void. For this reason, and because the payment of the credit in question has not been made to the person in whose favor the obligation of the defendant had been constituted, or to another authorized to receive it in its name, said payment is also null and void and does not extinguish the obligation of the defendant to the plaintiff. It results, therefore, that said obligation and the mortgage as security therefor are in full force and effect, and the cancellation of said mortgage made by the Bank of Taiwan and annotation thereof on the certificates of title made by the office of the Register of Deeds of Manila are null and void.

"FOR THE REASONS ABOVE SET FORTH, The Court adjudges this case: (a) declaring that the defendant is indebted to the plaintiff bank in the sum of P. 1,414,770.36, Philippine currency, with interest at 8% per annum, computed monthly, from January 1, 1942 until full payment, plus a sum equivalent to 10% of said indebtedness and interest, as attorneys' fees, costs and expenses, in the payment of which sums the defendant is in default; (b) ordering the defendant, as soon as the moratorium provided in Executive Order No. 32 of the President of the Philippines, Series of 1945, is definitely lifted, to deposit with this Court, in accordance with the provisions of Article 2, Rule 70, of the Rules of Court, the said sum of P. 1,414,770.36, with accrued interest at the rate of 8% per annum, computed monthly, from January 1, 1942, until the full payment thereof, plus the said percentage for attorneys' fees, costs, and expenses which may not be subject to the moratorium; and (c) declaring null and void the cancellation of the mortgage (Exhibit K) executed by the Bank of Taiwan, as bank liquidator of the Japanese belligerent, dated August 31, 1944, as well as the annotation of said cancellation on Transfer Certificates of Title Nos. 51415, 51416 and 51478 made by the Register of Deeds of Manila, said Register being ordered to annotate on the said certificates of title the revocation and annulment of the said cancellation of mortgage and the annotation thereof."

In view of the importance of this decision it may be of interest to mention that a Bill which was introduced to the Philippine Congress early this year for the validation of payments in "Mickey Mouse" currency was vetoed by President Truman, and that a similar Bill submitted to Congress after the Philippine Commonwealth had achieved independence was recently shelved and is not expected to be revived.

Nationality of Married Women

The Secretary of State for Dominion Affairs on August 1st last, said in the House of Lords, in reply to a question, that agreement had now been reached between the United Kingdom Government and the Governments of Canada, Australia, New Zealand and South Africa as to the principles on which legislation governing the nationality of married women should be based. The principles accepted by the five Governments were that the law should provide in effect that a British woman on marriage to a foreigner whether she did or did not acquire his nationality under the law of his country, should not lose her British nationality unless she took some active steps to renounce it; and that a foreign woman on marriage to a British subject should not automatically acquire British nationality, but should have the right to apply for it, subject to the exercise by the Minister concerned of a discretion as to the grant or refusal of the application.

A conference of experts would be convened late this year to examine various questions affecting nationality law in the several countries of the Commonwealth.

Early Relaxation of Exchange Control

Britain's Sterling Balances

Hongkong and China as Creditors

The Exchange Control at the present time exercised by the British Government will by or before July 1947 be discontinued. Prospects for an early relaxation are in view of the great success of Britain's export drive very favourable. According to the provisions of the U.K.—U.S. agreement in connection with the US$3,750 million loan within one year after signing of the agreement sterling receipts from current transactions of all £ area countries will be freely available for current transactions in any currency area without discrimination, with the result that any discrimination arising from the so-called sterling $ pool will be entirely removed.

Sterling Balances

The problem of the liquidation of the past will require long negotiations before a settlement can be expected. Discussions are now in progress and it may be surmised that Britain and her creditors will before middle of next year arrive at mutually satisfactory conclusions regarding both the determination of amounts actually due and the modality of payment.

It is, of course, likely that a large amount of Britain's debts will have to be adjusted from inflated wartime prices to prewar levels, and another very considerable portion will have to be taken off the list in consideration of Britain's war effort, the support of which by Empire and Allied countries was only a matter of self-preservation for the various countries concerned. The remaining amount will most probably be funded.

Future Treatment

Sterling balances are to be divided into three groups:

(1) Those to be released immediately from control which will be freely convertible in US$ and other foreign currencies.

(2) Those to be released as from 1951 onwards, convertible in foreign currencies only in instalments over many years.

(3) Those to be adjusted as other countries' financial contributions to winning the war (meaning in majority of cases cancellation of £ balances).

Britain will confront her creditors with two choices for their satisfaction of demands on U.K. viz.:

(1) to purchase U.K. manufactured goods

(2) to repatriate bonds, securities and stocks which creditor countries or companies previously issued in London.

Liabilities of U.K.

As on June 30, 1945

(after V-E day)

Countries of the £ area	in millions of
India	£1,138
Egypt & Anglo-Egypt, Sudan	402
Eire	178
Australia	118
Palestine (incl. Transjordan)	116
East African Colonies	95
West ,, ,,	93
Brit. Malaya	87
Iraq	70
Ceylon	68
New Zealand	63
Other Brit. Africa	43
South Africa	33
Hong Kong	33
Trinidad	23
Other Brit. W. Indies	18
Other Brit. Colonies	96
	£2,674

European Countries	in millions of
Norway	£ 91
Portugal	79
Netherlands	73
Greece	55
Belgium	27
	£ 325

Others:	
Argentine	£ 86
Brazil	37
China	23
Persia	22
Uruguay	14
	£ 182

The total amounts to £3,181 millions.

Rise in Sterling Debts

Since V-E day Britain's external debt has further increased reaching by March 31, 1946 the total of £3,500 millions. A number of postwar loans have so far augmented the debt of U.K. after the end of World War 2, and further rises for the next two years must be expected. U.K. debts during the current year derived from U.S. and British Dominions sources; however India and Argentine were also conspicuous lenders whose £ credits had risen by end of June 1946 to £1,280 and £150 millions respectively.

Hongkong and China

The sterling balance in favour of Hongkong amounted, as per tabulation above, to £33 millions. It is quite likely that Hongkong after its liberation until the present moment has further contributed to the "$ pool". The £ balance is due to Hongkong's contribution to the British war effort from the start of the European War (Sept. 1939) to the Japanese Invasion of the Colony (Dec. 1941).

That China holds a £ balance of 23 millions will come to many as a surprise. However, the explanation can probably be found in China's contribution to the preparation of the offensive in Burma.

It will be interesting to see how the £ balance in the case of Hongkong, which now requires a subsidy from the Imperial Government for maintenance of its budget, and the British indebtedness to China will be dealt with.

Origin of Balances

In the course of war Britain had to incur military expenditures abroad, e.g. for stationing of troops in North Africa and the Near East; she had to purchase goods for consumption of the population and raw materials for the feeding of her war industries. Many purchases were effected at wartime inflated costs which now require adjustment. A third source for £ debts derived from US$ remittances which f.i. was prominently done by Australia who earned large profits from U.S. war expenditures.

Most of the balances are in the hands of governments, only relatively few private companies or individuals are in possession of £ credits in London.

British War Financing

British exports during war years could not be kept up to a large extent so that the war had to be financed chiefly by selling assets and borrowing. Borrowing meant (1) U.S. lend-lease (2) Mutual Aid from Canada, and (3) Overdrafts. American and Canadian assistance has been written off, partly against reverse lend-lease and mutual aid from Britain.

It is "overdrafts" which account for the £ balances (or otherwise referred to as "quick external liabilities".) Britain could overdraw her accounts with so many countries because there existed before the start of the war in Europe the "sterling area" which was a currency system developed during many years. It grew out of natural conditions of trade and banking since Dominions and British Colonies, transacting most business with and via London, always negotiated through British banks, keeping currency reserves and banking funds in England.

When war started the British Government made the previously freely convertible £ into an inconvertible currency, and instituted all over the Empire Exchange Controls. All foreign exchange earned by any part of the British Commonwealth was remitted to London where also were kept all currency reserves and external resources. The Exchange Control in London was otherwise called "$ pool" because of foreign exchange, in particular US$, having been pooled there.

CN$ Well Maintained

Contrary to expectations the CN$ has remained for 2½ months since its devaluation on Aug. 19, rather stable in spite of heavy attacks and intermittent crises. The Chinese Finance Ministry, through the Central Bank of China, was able to hold the line which was achieved largely by big gold sales in the open market and stepped up disposal of ex-enemy goods. These measures somewhat counteracted the progressive inflation of the CN currency and have so far tended to curb the upward movement of US$ on the unofficial market. A stricter trade policy instituted after the Aug. 19 devaluation has also bolstered the currency position. Exports have somewhat improved since CN$ became cheaper in terms of foreign currencies and after the abolition of the export tax which previously amounted to 7½ per cent. ad valorem.

Export industries and merchants have not been satisfied with the improved situation but are pressing hard that Nanking subsidizes Chinese exports by purchasing China produce and manufactured goods at higher than world market prices from the Chinese industries and sells these commodities and produce at lower than world market prices. Government is also requested to advance loans to agriculture, industry and trade at very low rate of interest so that production can be increased. Simultaneously higher tariffs to be applied in many cases actually so as to have foreign imports cease, and tariff protection for a host of projected industries in China are vociferously demanded.

It was government's intention when devaluing the national dollar tc check to a certain extent the simultaneous upswing of prices on all markets in China. In this government has partly failed, that is to say that while prices have generally not advanced in tune with the devalued CN$, in a good number of cases prices have overtaken those ruling at mid-August by 70 to 100%.

The question is commonly asked how long the current methods of keeping the CN$ value at its present level (gold and ex-enemy commodity sales) will last. Japanese and puppet properties although coming up to many billions of CN$ will exhaust themselves sooner or later apart from the fact that not everything is saleable. Gold sales, on the other hand, can be continued for a very long time provided that U.S. Treasury keeps on supplying. The whole problem of stability or further devaluation appears to rest almost exclusively with the U.S. Administration; that means, expressed in less diplomatic language, as long as Washington finds it politic to nurture the Chinese currency this money will not drop to zero as has been witnessed in the 1918 postwar era, and again 1946 in the case of Hungary with its trillions of trillions.

It must be granted that Central Bank policy is prudently guided and is a great help to the periodic slow-down of CN$ depreciation. The clamours for more and bigger loans have so far only partially been taken note of, and quite naturally so as large loans given by government banks at low interest rate would bring about quick reaction in the form of CN$ depreciation, and would nullify the money contraction policy which is at the basis of gold and enemy goods sales.

THE COLOSSAL AMERICAN BUDGET

US$41 Billions Expenditure

On August 3 the President of U.S. made public revised estimates of government receipts and expenditures for the fiscal year ending June 30, 1947. The figures put a heavy damper on hopeful expectations that, with the end of the war now a year behind, the drop in government expenditures would provide in 1947 a leeway botn for tax relief and for debt reduction out of surplus revenues. Instead, the public is faced with the prospect of having to keep a war-time tax structure to support peace-time expenditures scheduled at a rate unbelievable a few years ago. The President reiterates his recommendation "that no tax reduction be made until the inflationary situation is passed." The objective of a substantial budget surplus is set for a year later, fiscal 1948.

As the new figures work out, expenditures reach a total of $41.5 billion. With revenues ("net receipts") estimated on the basis of existing taxes at $39.6 billion, a budgetary deficit of $1.9 billion is indicated. The $14.2 billion cash balance in the Treasury on June 30, 1946, remaining from the Victory Loan, will cover this deficit and permit an estimated reduction in the gross debt of $8.4 billion to $261 billion on June 30, 1947. Because certain expenditures scheduled in the budget represent obligations incurred rather than actual cash outlays within the year, it is expected that cash redemptions of public marketable debt falling due—Treasury bills, certificates, and notes—may run several billions larger than the reduction in gross debt. Some $2.1 billion of expenditures will take the form of terminal leave bonds issued to veterans, $950 million will be paid in demand notes issued to the International Monetary Fund, and other sums will go to build up Social Security trust funds invested in special issues of government securities.

Compared with the estimate in the President's annual budget message last January, the figure for aggregate debt on June 30, 1947 has been lowered $10 billion. This change is mostly accounted for by the fact that the original budget overestimated the deficit for January-June 1946 by a wide margin.

The failure of the new estimates for fiscal 1947 to show a balance is due to the fact that expenditures have been boosted $5.5 billion. The revenue figure has been raised from $31.5 billion in the January budget to $39.6 billion. The higher figure, based on "the expectation that the high dollar volume of economic activity will continue, with a high level of taxable individual and corporate incomes and large sales of taxable commodities," would have covered the estimate of expenditures made last January, with $3.6 billion to spare.

Federal Budget Comparisons

(Millions of dollars, fiscal years ending June 30)

	1939 $	1946 $	1947 Jan. '46 Estimates $	1947 Aug. '46 Estimates $
Budget expenditures	8,707	63,714	36,000	41,500
Budget receipts (net)	5,165	43,038	31,500	39.600
Net deficit	3,542	20,676	4,500	1,900
Gross debt at end of year ..	40,440	269,422	271,000	261,000

The increase of $5.5 billion in expenditures reflects the recently authorized $2.4 billion terminal leave pay for enlisted men, enlargement of the military and naval program, pay increases, increased pensions and benefits for veterans, postponement from fiscal 1946 to 1947 of the U.S. subscription to the International Monetary Fund, and underestimates of certain items in the original projections.

How Much is 41 Billion Dollars?

How much is $41 billion? Before the war such a figure for peace-time government expenditures would have seemed utterly fantastic. With the wartime experience so close behind—when public funds were poured out in profusion to save lives and gain the victory—all sensibilities have been dulled.

The meaning may be made clearer if one realizes, as snown in tne table below, that for the single peace-time year ending June 30 next, contemplated expenditures run to more than in the tnree years of World War I, more than in the entire decade of the twenties, and more than in the five years of liberal spending just before the outbreak of World War II. It is 26 per cent of the estimated total national income, and imposes a tax burden of around $1,000 on the average American family.

Expenditures of the Federal Government

(Fiscal years ending June 30)

Three years of U.S. participation in First World War, 1917-19	$33,190,000,000
Ten years of general prosperity, 1921-30	33,810,000,000
Five years of large spending, 1935-39	39,799,000,000
Projected total for the single peacetime year, 1947	41,500,000,000

Where the Money Goes

In the next table is shown the breakdown of the scheduled $41 billion expenditures, with comparative figures for 1939 from the Annual Report of the Secretary of the Treasury. While the comparability of some of the individual classifications may be affected by changes in government accounting, the general picture is clear. New items show up, loaded onto those created during the '30s; old items are swollen, some beyond recognition. The few decreases are restricted to activities designed in 1939 to make jobs and to support income and purchasing power. Even so, the net total for social security, aids to agriculture, and general public works aggregates $3,313 million—which would have supported the entire government establishment in any one of the years 1923-29.

Government Expenditures

(In Millions of Dollars)

	Fiscal Years ending June 30 1939	Fiscal Years ending June 30 1947
War Department	$ 490	$ 8,060
Navy Department	673	5,150
Terminal leave of enlisted personnel	0	2,418
U.S. Maritime Commission	44	290
War Shipping Administration	0	412
Other (includes UNRRA)	0	2,178
National defense subtotal ..	1,206	18,508
Interest on public debt ...	941	5,000
Refunds	66	1,857
Veterans pensions and benents	557	6,205
International finance	0	4,168
Aids to agriculture, including subsidies	1,228	1,174
Social security, relief and retirement	2,984	1,252
Housing, excluding defense housing	0	202
General public works program	1,000	887
Post Office Department (general fund)	40	241
General government	685	1,885
Pay increase not absorbed above (anticipated supplemental appropriations)	0	160
Total expenditures	$8,707	$41,539

Total "National defense" comes to 15 times the cost in 1939 when the war clouds hung so heavily over Europe; without the terminal leave pay it would still run 13 times. With the conditions in the world to-day, Americans recognize the need for maintaining a high degree of military preparedness. The $6.205 million for veterans' pensions and benefits is 11 times the 1939 figure.

Women now or formerly in the armed services, veterans themselves must bear a substantial share of the national tax burden and hence have a vital interest in holding down extravagant or unwarranted benefits.

The $5.000 million for interest on the public debt, another heritage of the war, is reducible only by the gradual process of debt retirement. With interest rates already at

unprecedently low levels, no appreciable reduction of interest costs is possible except as other expenditures are brought down sufficiently to produce over-all budgetary surpluses.

International Finance

The $4,168 million for international finance represents the heavy expense the U.S. are incurring to help put other nations on their feet economically. The greater part of it goes for the British loan, the Export-Import Bank, and the new International Bank and Monetary Fund. With these financial organizations in active operation, and private capital ready to participate in sound foreign credits, America should be able to arrest further commitments of government funds for these purposes.

UNRRA, while conceived as an agency to which all of the United Nations would contribute, has received 96 per cent of its funds from the United States, United Kingdom, and Canada, with the United States contributing over 71 per cent.

Expenditures for "general government" (legislative, executive, judicial, and general departments and offices), up to 2¾ times the 1939 rate, provide an index to the swelling cost of maintaining the regular government departments and services. The 1947 budget for all expenditures other than "national defense" totals over $23 billion, as peace-time costs of government have been mounting steadily under cover of contracting war expenditures. Old-line and postwar agencies have been adding to their payrolls large numbers of civilian employees released by the War and Navy Departments.

Conflict of Objectives

The basic problem of reduction of government expenditures is the conflict between the Administration's forcefully expressed desire for economy and the ideas that have been prevalent in Washington as to the Government's responsibility for managing the economic system and for becoming the benevolent guardian of the individual citizens. Though there is talk of the danger of inflation and the need for economy, too much of the economic thinking and policies of the depressed '30s lingers. It was apparent in the President's budget message to Congress last January which recommended a many point program of government aid for assuring jobs, creating purchasing power, expanding social security, and furthering other social welfare projects, the ultimate cost of which he did not even attempt to estimate.

So long as the U.S. adheres to this philosophy of "big government" it is bound to have big spending. To accomplish the economy that is essential to bring the scale of government spending, and hence of taxation, down to a level supportable under ordinary peace-time conditions, calls for a radical change in this philosophy.

With full employment and with national income at peak, now is the time when government expenditures could be reduced, achieving a surplus of revenues for tax reduction, and retiring the public debt. It is a dangerous situation when the budget cannot be balanced even with full employment and a tax structure still embracing most of the war-time levies at or near maximum rates.

Hongkong Registered China Companies

In addition to the list which was published in our Oct. 30 issue, page 8, another twelve companies have been registered up to the end of October. The total is now 205 China Companies. Following are the names of the 12 additional firms:

Carr Ramsey and Son Ltd.
Rielley, Simmons and Milne, Ltd.
Hankow Race Club & Recreation Ground.
B. D. Tata and Company Ltd.
N. J. Karanjia and Son, Ltd.
Boltons, Ltd.
The Moukden Club.
H. Lee and Company Ltd.
Brandt and Rodgers Ltd.
The China United Import and Export Company Ltd.
Shanghai Manufacturing and Lumber Company Ltd.
H. L. Gibson and Company, Ltd.

THE SHANGHAI PRESS

Chinese and Foreign Development Reviewed

The Shanghai vernacular press is representative of Chinese contemporary thought. Although most dailies are under KMT (Kuomintang) control a fair number of democratic and leftist journals are publishing, however, sometimes under unpleasant circumstances. Most of the periodic press particularly political monthlies and fortnightlies are openly in disagreement with the policy of the Central Government, and quite a number are in sympathy with Yenan. A cross-section of the Chinese daily press reveals the great and tragic split among the people; the KMT followers and the Leftists are engaged in what appears to be a life or death struggle. Between them are the various groups and shades of democrats who are time and again inclining more to the support of KMT and then, in the majority of instances, backing the CP (Communist Party).

The foremost occupation of the Shanghai press is reporting and commenting on the progress of civil war. Millions of words are pouring forth day by day; reports, rumours, interpretations of strategy, logistics and negotiations, "behind-the-scenes" revelations, scoops which turn out to be pure imaginations of the writers; accusations and denunciations, statements and counter-statements, melodramatic appeals and "to-the-very-last" fighting addresses; that is how contemporary Chinese life mirrors itself in the press of Shanghai. People have grown tired of reading and discussing nothing but the civil strife and violence and hatred.

Daily Papers

The principal and most successful papers in Shanghai are: Shun Pao (KMT, with one of the best foreign news coverage, the favourite of merchants and bankers; during the Japanese war time active collaborationist), Ho Ping Jih Pao (organ of the Army, successor to Sao Tang Pao of wartime fame), Sin Min Wan Pao (Democratic; championing everything which irritates KMT), Ta Kung Pao (which likes to be regarded as China's Manchester Guardian, liberal but with more than understanding of KMT, referring to Gen. Chiang Kai-shek usually as "supreme leader"; reserving some space for publishing of foreign news agencies reports), Chung Yang Yih Pao (KMT mouthpiece), Lien Ho Wan Pao (liberal, and highly critical of KMT), Wen Hui Wan Pao (the bravest of all the non-KMT papers, burning its fingers sometime when exposing KMT corruptions, inefficiencies and duplicity but increasing its circulation steadily), Sin Wen Pao (like Shun Pao, also ex-collaborator, well liked by the business world), Chung Hwa Shih Pao (democrat-socialist organ of Carson Chang, one of the "middle-of-the-roaders"). Other dailies of importance in Shanghai are: Lih Pao, Chiao Sheng Pao, Chien Sien Jih Pao, Shenchow Pao, Yih Shih Pao, Shang Pao, Chen Yien Pao, Shih Shih Hsin Pao.

The weekly and monthly press is extremely successful in Shanghai. It is here that CP affiliated editors are campaigning against the KMT. The reading public is eager to hear the more the better about squeeze and graft, and the leftist press is certain to satisfy this popular demand.

Suppressions

The democratic and leftist press plays up to what it is worth every act of intimidation and terrorism which is reported from any corner of the vast country. There is enough material for such reporting as assassinations and political kidnappings occur quite frequently. Democratic League officials or prominent supporters have no easy life and the press takes up their sufferings with gusto. Some of the D. L. prominents have recently, for safety's sake, crossed into CP controlled areas which fact is being well exploited by the anti KMT organs. The acts of "special elements" (as the members of the KMT and Defence Council's political police are politely referred to) particularly when it comes to confiscations of books and papers, infringements of personal liberty and freedom of press are meticulously dealt with—provided the news leaks out at all. KMT press cannot well counter since the opposition has nothing to fight with (in the KMT controlled areas) but its press. The circulation of the liberal and leftist press has therefore phenomenally risen; it is simply not interesting to read KMT emanations while the opponents are daily revealing and exposing.

Permits for Publications

"Freedom of Speech" has become one of the favourite subjects for editors and writers to dwell on. But while Nanking cannot well, while the world looks on, go back on its assurance of free speech, at least not in the showplace of China which is Shanghai, it has come across a neat trick to get rid of the most obstreperous publications and, at the same time, stop from emerging embarrassing newcomers. Every publication requires before publishing a permit; actually only the registration of the publication must be permitted. Leftists are no longer given approval for their application of registration, and others who have been previously so lucky as to obtain such approval are in danger to lose it overnight. But even without such legalistic methods the powers that be are proceeding with confiscations from book-stores and news stalls; seizures of publications before distribution have further tended to discourage saucy editors. The strongest incentive for undismayed exposures and "revelations" is, however, the success of cash sales of non KMT papers; that is the reading public encourages critical publishers and pays them well for their informations and courage.

Taxes & Conscription

Much excitement has been recently aroused about the enforcement of land tax in kind and conscription à la Chinoise. The floods and draught especially in Szechuan and the miserable existence which the farmers continue to lead in this second year of the great Victory have not been able to influence government to postpone this most unpopular of taxes. Proceeds from this tax have been frequently embezzled, and the press is full of such stories as have occurred in this connection in Fukien. Many tax embezzlers are high officials who either abscond with the "proceeds" before the Central government orders their arrest, or they are apprehended and punished. But the majority gets away with it.

Conscription in China means actually another form of taxation. Those who can pay do not serve. The law which tried to enforce "voluntary labour" in the country again meant that those who have money could pay a coolie who did their share of "voluntary labour".

The Traitors

The hunting of real and selected traitors have by now become a profitable occupation of officials and the thousands of rascals which traditionally plague the ordinary citizen in China. It is quite all-right that profiteers and wartime hoarders are mulcted but their ill-gotten wealth usually fills only the pockets of a new group of social parasites. The people do only derive some fun from the spectacle how one crook is being relieved by another. But it seems that the fatalism of the Chinese people is no longer so pronounced and there is some healthy stirring against these inequities.

Unpopular America

America's popularity in China has reached an alltime low and it looks as if the Yankee will not be remembered by the masses as what he thinks he ought to. Some rather rough language has been used by practically all the papers and periodicals in the country with the exception of the regular KMT organs; American policy, the conduct of U.S. troops in China, "economic imperialism", etc. have been very unfavourably commented upon. Some liberal papers came out with violent denunciations and vied with the Yenan press agency (Hsin Hwa News Agency) for the orchids in the countrywide campaign to get the Americans out and curb American political and economic influence in China. The anti-American newspaper campaign lasting now some months has been very consistent and is backed by the majority of the Chinese people. The implications of the anti-U.S. campaign are far-reaching indeed. At the basis are the latent xenophobic sentiments of the Chinese whose nationalist leaders and agitators have all too readily grasped the opportunity which presented itself when foreign, i.e. U.S. troops, continued to stay in the country, do not allegedly behave as one would expect them to, and when the internal disorders of China could so easily be explained away as fostered by foreigners, and when the depression of the country can be depicted as a consequence of American economic "aggression". Atrocity stories of American killings, rapists, etc. are best-sellers and booklets and pamphlets have also come in on this great business of the day.

U.S., China & Japan

Comments on world political affairs are often carried away by strong pessimism. The two opposing world powers, U.S. and U.S.S.R., are well understood to decide the fate of China, and their struggle for world supremacy, commonly believed to issue one day into the Third World War, has unfortunately also chosen China as playground.

The U.S. policy vis-a-vis Japan is distrusted even by the KMT press. That U.S. protects and develops Japan has become clear by now. But the ultimate aims of America are still obscure. Japan has found in U.S. a friendly power, it is charged, which even goes so far as to assist Japanese big business in order to get Japan back on her feet. It is particularly the Chinese Army organ which is very jealous of these trends in U.S. policy and would prefer to see China in control of Japan. The Army even voices fears of a recovered Japan as a potential aggressor, and accuses MacArthur whose "aim is the prosperity of Japan". Other KMT papers are also disturbed about the orderly progress of Japan and contrast it with conditions in China. Some Chinese publications make an attempt to understand America's changed attitude towards Japan. To-day seems to be a far cry from the days of Hiroshima.

STOCK & SHARE MARKETS

The investing Public are growing impatient over the continued delay in the opening of some of the Companies' Share Register.

It is now over a year since the reoccupation of the Colony and as far as a rather large number of leading Public Companies are concerned it is still not possible to effect a transfer of shares. No good reason can be advanced why shares with a perfectly good title, having been in the custody of local banks during the occupation, and with the permission of the Registrar of Companies—who by the way is always found very prompt and helpful—should not be transferred into the names of those who are willing to buy or have already bought. The excuse usually put forward is that the Registrar of Companies is not yet ready, or signature cards are not available. This however should not prevent a Company register being opened to deal with scrip of good title.

There are many oversea shareholders and custodians of local estates who wish to negotiate scrip but the various secretaries of the Companies concerned give no assistance whatsoever.

Unless a holder of shares is registered he is barred from attending meetings of shareholders. It is not difficult to envisage a situation where persons holding shares in a company who for some reason or another may not wish to ratify the Acts of the Board of Directors since the reoccupation, but are prevented from voicing their opinions. This is, of course, most irregular, and it is a matter for the Directors of the Companies concerned who after all are elected by the shareholders, to give their attention to it.

We understand that the Hongkong General Chamber of Commerce had circulated many of our Public Companies over a month ago for the purpose of discussing this matter with the representatives of the Companies but so far very few replies have been received.

Some of our progressive companies engage independent Public Auditors to deal with the share registers and in cases where this is done Transfers of shares are dealt with more expeditiously than otherwise. It also serves as a check. Some years ago one of the local companies had more scrip issued than was authorised and upon investigations found that duplicate scrip had been issued from the office. It cost the shareholders an appreciable sum for the scrip to be cancelled.

The Share Market during the Week

The market has been quieter during the week ending November 2 with a little profit-taking which checked the rapid rise which has taken place during the last month. There are however few shares offered on the market and buyers are waiting on the side lines. Hongkong Hotel remains the chief feature and came to business 16¼/16.45, closing at $16.35 buyers.

A small demand for H.K. Bank found little scrip offering and shares advanced to $1,370.

Fair size parcels of H.K. Lands were dealt in. Larger dealings were reported in H.K. Electrics which are always very popular with the Chinese investor.

Last week's closing prices will be found below.

London Views on Local Share Market

From London correspondents' opinions it appears that holders of Hongkong shares are reluctant to sell as the London market is expecting higher prices and continuation of the bullish trend on the local unofficial share market. London sharebrokers think that Hongkong will develop into a most important banking, trade and industrial centre of the Far East. Much publicity is given in London to developments in Hongkong.

Brokers in London express astonishment about the continuance of the Moratorium 14 months after the Colony's liberation. It is hoped there that the Moratorium will be lifted before the end of the year.

The Moratorium really affects, as far as the London Stock Exchange is concerned, only shares of the Hongkong Bank (Hongkong registered).

Union Insurance of Canton was always quoted in London since the company removed its head office to Sydney.

Annual general meetings of Companies:

China Provident Loan & Mortgage Co., Ltd. on November 9.

Hongkong Fire Insurance Co., Ltd. on November 12.

Hongkong & Kowloon Wharf & Godown Co., Ltd. on November 13.

Lane, Crawford, Ltd. on November 14.

Hongkong Engineering & Construction Co., Ltd. on November 15.

Hongkong Sharebrokers Association

The liquidation will be resolved at the Association's meeting on November 18 in the premises at 7, Ice House Street. Liquidators are Messrs. G. A. Harriman and J. F. Grose.

The future amalgamated Exchange will be presided over by the former chairman of Hongkong Stock Exchange, Mr. N. V. A. Croucher. The Vice-chairman will be Mr. G. A. Harriman who is now chairman of the Sharebrokers Association. Transactions will be conducted at 7, Ice House Street. The hall of Stock Exchange Building would have much better suited the local brokers but on account of the sale of the building the trading room of the Sharebrokers Association had to be chosen.

HONGKONG STOCKS & SHARES

Quotations on Nov. 2

H.K. Govt. 4% Loan	$	105
3½% Loan		100
Banks		
H.K. Bank		$1,380
H.K. Bank (London Register)	£	84½
Bank of East Asia	$	115
Insurances		
Canton Ins.	$	390
Union Ins.		630
H.K. Fire Ins.		275
Shipping		
Douglas	$	200
Union Waterboats		16½
Docks, Wharves		
H.K. & Kowloon Wh.	$	155
H.K. Docks		18½
Providents		13¾

Lands, Hotels

H. & S. Hotel	$ 16½
H.K. Land	89
Humphreys	19½
H.K. Realty	16½
Chinese Estates	140

Public Utilities

H.K. Tramways	$ 29½
Peak Tram (Old)	9½
Star Ferry	67
China Light (Old)	12½
H.K. Electric (Old)	35
Macao Electric	20
Telephone (Old)	36½
Telephone (New)	20

Industries

Canton Ice	$ 1
Cement	16
H.K. Rope	12

Stores

Dairy Farm	$ 34
Watson	23
Lane Crawford	22½

Miscellaneous

Entertainment	$ 29
Construction (Old)	5

Shanghai Securities Exchange, Ltd.

Chinese Shares in CN$

Selling price

	Oct. 22	Oct. 26	Oct. 29
Wing On Textile	740	777	696
Mayar Silk	3,890	3,770	3,310
Standard Shirts	265	256	233
Ching Fook Knit	360	245	224
Chin Hsing Knit	175	172	150
China Match	1,350	1,280	1,200
New Asia Chemical	78	84	73
China Textile	425	427	404
China ABC	165	155	149
Wing On Co.	252	235	220

Shanghai Unofficial Share Trading

British Shares, in CN$

Metal Industries	2,450	2,450	2,350
Ewo Cotton	8,650	8,500	8,000
Ewo Brewery	2,150	2,050	1,950
Dockyards	9,100	9,000	8,350
Paper Industries	1,550	1,500	1,500
Wheelock	19,500	18,500	18,000
Shanghai Land	3,600	3,700	3,500

Chinese Government Bonds

Unofficial Shanghai selling prices in CN$

	Oct. 22	Oct. 26	Oct. 29
Consolidated A	1,400	1,380	1,280
" B	1,400	1,380	1,280
" C	2,070	2,070	1,860
" D	1,450	1,430	1,350
" E	1,650	1,630	1,480

Hongkong Engineering & Construction Company, Limited

The twentieth ordinary yearly meeting of shareholders will be held at the Offices of Messrs. Sir Elly Kadoorie & Sons on November 15.

The Board of Directors consists of: Mr. Lawrence Kadoorie (Chairman), Mr. J. Scott Harston (Absent), Sir Robert Ho Tung, Mr. M. H. Lo, Mr. Horace Kadoorie, Mr. W. A. Welch.

Statements of the Company's Accounts for the year ended 31st December, 1941, and for the period 1st January, 1942 to 31st December, 1945 read:

The Net Profit for the year ended 31st December, 1941, after allowing for Directors' and Auditors' Fees, Depreciation and Interest was $168,003.68. The Balance brought forward from 1940 Account amounted to $8,798.28, and it is recommended that this sum, together with $168,003.68, making a total of $176,801.96, be carried forward to 1945 Account.

The Profit earned during four months of operation ended 31st December, 1945, after allowing for Directors' and Auditors' Fees, amounted to $728.11, making a total of $177,530.07 including the sum of $176,801.96 brought forward from 1941 Account. Against this, the sum of $514,289.07 representing estimated War Losses and Damages, has been charged to War Losses Account and appears in the Balance Sheet at 31st December, 1945.

Rubber Plantation Shares

Business to Resume in Hongkong

Rubber shares which were previously transacted on the Shanghai Stock Exchange will shortly be traded in on the local market. The Hongkong Stock Exchange after its inauguration will list all rubber plantation companies for local transactions. The volume of trading on the local exchange is expected to increase considerably when trading in 31 rubber shares can be started.

At the present time rubber companies' representatives are engaged in establishing offices here which were previously located in Shanghai. The leading company has already made all necessary arrangements. All rubber companies have registered with the Hongkong Registrar of Companies.

Rubber companies cannot list their shares at the Shanghai Securities Exchange since they are prevented by especially Art. 1, sub-section 1, of the "Provisional Detailed Business Rules" of the said Exchange. This article provides that every company whose shares are listed must do business in China and its business has to be "closely related to the economy of the Chinese people". Naturally, rubber companies having their business in Malaya cannot negotiate their shares any longer in Shanghai.

It appears that British and other foreign companies' shares which are currently not permitted for trading in Shanghai may eventually be listed if the various companies concerned can come to an agreement with the Chinese Ministries of Economics and Finance who are responsible for the rules and operation of the Shanghai Exchange. It remains to be seen how many foreign companies in Shanghai are eager to have their shares listed. At the moment British shares are traded in on the black market. All licensed brokers at the Securities Exchange handle this business. No foreigners are permitted to be brokers at the Exchange membership of which is reserved to Chinese citizens. In the view of foreign share brokers of Shanghai the exclusion of foreigners from brokerage business is regarded as discrimination.

Quotations of Shares

There is very little business done in rubber shares. Prices offered in Shanghai are rather high but shareholders prefer to wait until a regular exchange will commence operation and transfer of shares can be duly registered in Hongkong.

On the whole, it appears, prices are approx. the same as in December 1941. Rubber Trust, for instance, sold recently for about HK$5 or CN$4,500; the prewar (1941) price was about CN$25 which equalled then about US$1.10.

Black market prices for rubber shares are not easy to obtain. Compared to December 1941 CN$ prices of most rubber shares have appreciated between 150 to 180 times, a few about 200 times. In this connection it may be noted that most British shares on the black market in Shanghai are now selling at about 150 to 200 times higher prices than in December 1941. The US$ bank note has appreciated during the same period, i.e. from before Pearl Harbour to October 1946 by about 200 times. Stock and share quotations have, on the whole, kept up with the depreciation of CN$. However, in terms of cost of living and the purchasing power of foreign currencies in Shanghai of to-day, stocks and shares as well as the US$ on the black market exchange in China are heavily undervalued. The appreciation of foreign securities and currencies should have amounted to at least 400 times over the prewar values.

It will be no easy task to arrive at a listing price of rubber shares once the local Stock Exchange will commence transactions. It will prove helpful when by that time comparisons are made between then prevailing black market rates in Shanghai and quotations on the Singapore market.

Prewar Prices

Following are the last quotations of rubber shares on the Shanghai Stock Exchange, December 5, 1941:

Plantations:	CN$
Alma	113
Anglo Dutch	27½
Anglo Java	44
Ayer Tawah	13.60
Batu Anam	3.20
Bute	13
Chemor United	4.85
Cheng	2.40
Consolidated	13½
Dominion	18½
Java Cons.	5.40
Kota Bahroe	7.50
Kroewoek	3.70
Langkat	31½
Padang	4.40
Permata	3.65
Repah	3.30
Rubber Trust	25½
Samagaga	3.90
Semambu	3.55
S'hai Kedah	21
" Kelantan	2.20
" Malay (Ord.)	72
" Malay (Pref.)	64
" Pahang	9.40
" Sumatra	39
Sua Manggis	5.30
Sungala	17
Sungei Duri	76
Tanah Merah	5.65
Tebong	3.17½
Ziangbe	30½

Before the Pacific War there were 31 Rubber Plantation companies quoted on the Shanghai Stock Exchange.

The following firms are general managers or agents for the Rubber companies:

Wattie & Co. for 16 companies, viz. Alma, Anglo Dutch, Anglo Java, Batu Anam, Chemor United, Cheng, Java Cons., Kroewoek, Repah, Rubber Trust, Semagaga, Semambu, Shanghai-Malay, Sua Manggis, Tebong, Ziangbe.

Burkill & Co. for 9 companies, viz. Bute, Consolidated, Dominion, Kota Bahroe, Padang, Shanghai Kedah, Shanghai Pahang, Sungei Duri, Tanah Merah.

Geo. McBain for 2 companies, viz. Langkat, Shanghai Sumatra.

Geddes Trading Co. for 2 companies, viz. Ayer Tawah, Sungala.

Turner, Sturrock & Brown for Shanghai-Kelantan (1935).

Frost, Bland & Co. for Permata.

North China Exports to U.S.

Total exports from Tientsin to U.S. in September 1946 amounted to US$1,868,699. Bristles accounted for 69%, i.e. US$1,296,605, or 380,545 lbs.

Exports to U.S. totalled in August 1946 $715,954; in period July to Sept. $5,151,423.

Next to bristles U.S. bought: carpets and rugs, strawbraids, furs.

Exports of raw wool, walnuts, oil seeds will have to wait until the civil war operations in North China come to an end.

FINANCIAL NOTES

Mr. Cyril Rogers

has been appointed Financial Adviser to the Chinese Government. Mr. Rogers has been on the Bank of England staff for 22 years. He was a member of the Leith-Ross Financial Mission to China in 1935 and became afterwards Financial Adviser to the Chinese Govt. Mr. Rogers was Chairman of the Hongkong Committee of the Chinese Currency Stabilisation Fund, under agreement of March 3, 1939, between the Hongkong & Shanghai Bank, the Chartered Bank, Bank of China and Bank of Communications. The object of the Fund was to provide exchange for purchase and sale of CN$ in order to stabilise the value of the Chinese dollar. Mr. Rogers left the Colony on December 6, 1941. He is expected to arrive in China beginning of this month.

Mr. E. Kann,

the well-known economist, will leave this month Shanghai to spend a long overdue holiday abroad. Since he came out to the Far East as manager of the Russo-Asiatic Bank in 1899, Mr. Kann has, after a two years interlude in Yokohama, always resided in China. He travelled widely in this country and wrote many books on China's finance and economy. Some of his books were translated into Chinese and Japanese and selected as textbooks in colleges. Mr. and Mrs. Kann may pay a short call on Hongkong before travelling further.

Mr. C. C. Roberts,

the head of Butterfield & Swire, Hongkong, has been appointed by H.E. the Governor unofficial member of the Executive and Legislative Councils during the absence from the Colony of Mr. D. F. Landale. The appointment is with effect from Oct. 25.

Chinese Banks

The following Chinese Commercial banks have established offices in Hongkong:

Government banks: Bank of China, Bank of Communications, Farmers Bank of China (The Central Bank of China had before the war an office in the Bank of East Asia Building but has so far not yet re-established same). — Chinese Postal Remittances & Savings Bank.

Provincial banks: Provincial Bank of Fukien, Kwangtung Provincial Bank, Bank of Kwangsi.

Commercial banks: Bank of East Asia, Bank of Canton, National Commercial & Savings Bank, Oversea Chinese Banking Corporation, Shanghai Commercial & Savings Bank, China & South Seas Bank, Kunming Industrial & Commercial Bank, China State Bank, Kincheng Banking Corp., Chu Hsin Cheng Bank (Young Bros.), Tsen Ho Bank, Industrial Bank of China, South West Development Bank.

Two commercial banks will open for business during November, viz. China Industrial Bank of Hongkong, and National Commercial Bank. It is believed that some of the newly opened banks in Hongkong are counting among their shareholders and directors high officials of the Chinese Government.

Industrial Bank of China

has recently reopened its Hongkong branch. The Bank's head office is in Shanghai and there are 34 branches or agencies in the principal cities of China. The Bank's chairman is Mr Yu Yee-lin, and the Hongkong manager is Mr. C. C. Lee.

South West Development Bank

is a new bank to operate in the Colony and was incorporated in Hongkong. The chairman of the Board of Directors is Mr D. C. Yang; managing director Mr. Chester Huang; assistant Chief Manager Mr. M. L. Chang. The bank opened for business on November 1.

Air Freight in China

is the most expensive in the world. One kilo of air freight from Hongkong to London costs HK$14, to Manila HK$6, but to Shanghai HK$22. While usually air freight is charged at about 1% of the ordinary passenger fare, the Chinese aviation companies charge 4% of an already excessive passenger tariff. It is cheaper to send goods via air to Europe, America and all parts of Asia than to Shanghai.

Chinese Bank Note Presses

in Shanghai are operating on a 24 hour basis employing in five plants several thousand workers. The average daily output of bank notes is estimated by Shanghai correspondents to amount to 640,000 bills of $1,000 denomination each. The printing presses are said to produce daily another $3,200,000 of so-called "North East Circulation Notes" (Manchuria). The October average of bank note printing in Shanghai has been about CN$16 millions per minute, according to an estimate from Shanghai.

Chinese Customs in Macao

have been charging on imports of piece goods into China instead of the 40% duty as per tariff an additional 10% for which no reasons were advanced and another 5% which were said to be required for maintenance expenses of the Chinese Legation in Portugal. The delay in handling by Customs officials is usually 4 to 6 days.

Under these conditions the merchants in Macao prefer to avail themselves of the services of the smuggling organisations. These charge 20% "duty" on piece goods and make payment to the Macao exporters of the full amount as per invoice upon taking delivery of goods. The merchants do not risk anything since they are being fully paid by the smuggling concerns. The service is said to be very prompt, and no waiting is required; a simple telephone call by the exporters brings the representative of the smuggling organisation to the office of the merchants. Few cases were reported when smuggled cargo did not reach its destination which suggests that some officers connected with the Customs service are cooperating with the smuggling firms. It is common knowledge in Macao that a number of Customs employees are seen spending regularly large sums of money and leading a life out of keeping with their monthly incomes.

Exchange Rates in Shanghai

The official Central Bank of China selling rate for U.S.$ for approved imports as granted to appointed banks stands at CN$3,350; the appointed banks are authorised to charge CN$3,370 to 3,380.

The Central Bank's buying rate for export drafts and frozen funds stands at CN$3,320 for exports and $3,200 for frozen funds. The exporter is obliged to turn over to Central Bank his foreign currency credit abroad and to accept the official rate.

T.T. remittances from abroad are bought by the Bank at CN$3,340.

Forward exchange rates are kept at an additional CN$100 per month, limit being 3 months. Importers are thus able to close at CN$3,450, 3,550 and 3,650 for 1, 2 and 3 months forward respectively.

Outflow of Foreign Currencies

Travellers from Shanghai to U.S., Hongkong and to other places abroad have been carrying large quantities of foreign currencies both for purposes of investing their money abroad and to buy overseas goods with U.S. bank notes. Some inspection of passengers takes place but it is usually ineffective. Government has threatened that any amount over US$200, which can be legitimately carried, will be confiscated.

The Chinese press in Shanghai has often explained that passengers especially those using aircraft are not at all searched while passengers boarding ships are only rarely asked by a Customs official whether they carry some foreign money with them.

US$ notes and drafts have also been carried away aboard Chinese and foreign warships, or by the crew of foreign ships.

Silk

Central China silk production for 1946 will be in the neighbourhood of 30,000 piculs (of 133.1/3 lbs.) of which about one half will be available for export.

Soviet Newsprint

has been imported into Shanghai in large quantities and at prices lower than similar qualities selling in Canada or Sweden.

Flight Capital

The Canton press has recently reported on a number of Chinese businessmen who went to Hongkong to open companies in the Colony. It is true that there is some movement of industrial and commercial capital into Hongkong. Banks and native banks have started to establish branches one after another. Quite a number of import and export companies have moved to Hongkong to continue their business. The capitals of the newly-established cotton-weaving factories in Kowloon have been invested mostly by businessmen from Canton and Shanghai. Many well-to-do businessmen have brought with them large sums of money to settle down in Hongkong. Authoritative financial quarters in Canton pointed out that "this flow of idle capital to Hongkong is due largely to the economic instability and industrial and commercial sluggishness in this country."

Business Morality

From a Shanghai correspondent we learn the following:

The deterioration of business credit which has followed the high rate of interest in the market is seen to have reacted sharply due to the unstable commodity prices and financial situation. According to statistics, 90,000 checks were dishonored during September. The total amount of cash involved was more than CN$160,000,000,000. An average of three thousand checks were dishonored per day. Dishonored checks occupied one-twentieth of the total checks paid. In other words, there is one dishonored check in every twenty checks.

Checks issued in September in Shanghai.

	No. of checks	Amount (Unit: $100,000,000)
Maximum	126	3,400
Minimum	56	1,500
Total	1,967	52,650
Average	78	2,100

Atomic Research in China

After the Japanese collapse high officers of the National Defence Council of China were quick in contacting Japanese officials and scientists in Shanghai in order to secure their co-operation for a future Chinese atomic plant. It was known that the Japanese were experimenting with the splitting of the atom somewhere in Korea, in Manchuria and near Shanghai. Prominent Japanese scientists had come to the Continent in order assist in Japanese Army sponsored experiments. The Japanese Science Institute in Shanghai's ex-French Concession was one of the centres for co-ordinating research conducted on the Continent. Some German and Russian emigre technicians were helping in the development of nuclear fission.

The Chinese contacts were made under control of the late Gen. Tai Li. The former Chairman of the Japanese Residents' Association, the Japanese Police President of Shanghai, and others were initially asked to cooperate with Chinese atomic researchers. In the end, however, no progress was made probably on account of lack of real cooperation between the Chinese and Japanese.

Several Chinese papers revealed, during the first few months of world excitement about the atomic bomb, that the inventor of the A-bomb was actually a Chinese professor but, although this story was repeated and the Shanghai daily, Lih Pao, was emphatic about it, not much notice was paid to this revelation. Some time later, a statement of responsible Chinese was made which said that China would develop atomic energy only for industrial use.

All atomic research is now centralised in the Academia Sinica. This Academy will now buy in U.S. a cyclotron for which US$250,000 have been allotted by the National Govt. After arrival of this very small cyclotron (to judge by the outlay of a quarter million US$ and comparing it to the cyclotrons costs of which went into millions of US$) practical research can start. It will be under responsibility of Professor Li Shu-hua who was French educated (D. Sc., Paris). The professor is now 47 years old, has been dean of the physics department, Peking National University, and served also, in 1931, as acting Minister of Education. He has been connected with the Peking branch of the Academia Sinica since over 10 years.

Foreign Owned Utilities in Shanghai

Public Utilities in Shanghai are either British, American or French owned. The Chinese press has repeatedly demanded that the Shanghai Municipality should purchase the Shanghai tramways (one British, one French owned), the Gasworks (British), the Power companies (one American, one French owned), the Waterworks (one British, one French owned), the Telephone company (American), the bus companies (one British, one French owned). In the early days of the Chinese authorities taking over control of Shanghai from the Japanese it looked as if some hotheads would, like with Japanese and 'puppet" property, also "take over" properties owned by the Allied powers. Slowly and with much forbearance on the part of the foreign companies the public utilities were reluctantly handed back to their rightful owners. However, much agitation against foreign management of the foreign owned utilities was carried on, and it was especially the French owned utilities which were singled out and tried to make "soft". The workers were abused for such political ends and threats against French managers were quite frequently made.

Recently the Shanghai Municipality (City government) has instructed its Public Utility Department to organise a "Shanghai Transportation Co.," to be capitalised at US$13 millions, for the purpose of eventual taking over of all foreign owned public transportation services. However, it seems that the real business of this Transportation Co. will be the operation of buses in Shanghai and the extension of these services. The Tramway Co. in the former International Settlement may be bought by this Transportation Co. for about US$6 millions. This, however, and the reported proposed purchase of the Waterworks (Settlement) for US$1½ millions has so far not been confirmed by the Shanghai City govt. It is not quite easy to see from where the Shanghai Municipality will take these many millions of US$ especially in view of the fact that its deficit is increasing month after month, and the financial condition of the Shanghai City govt. is usually described as critical.

Sugar

China's production of sugar during 1946 will yield about 250,000 tons. Szechwan and Kwangtung are estimated to grow about 175,000 tons, and Taiwan no more than 75,000 tons. While Taiwan before the war produced over one million tons of sugar per year, the crop for the next season, 1946-47, will probably not yield more than 60,000 tons.

Taiwan

The large oil refineries in Taiwan, notably the one at Takao, are now under repair by the China Petroleum Corp. (a government set-up). The Takao plant is expected to resume part operation by end of February, 1947. Optimistic reports from Taiwan state that the eventual capacity of this plant will reach 3 million gallons of oil per month.

Sugar refineries are also partly under repair, however, no illusions are held about an early resumption on a large scale comparable to the time when the Japanese operated the refineries of which prewar output was around 1½ million tons per year. Sugar cane growers have turned largely to the cultivation of rice.

The rehabilitation of the Takao and and Karenko aluminium plants will require an equivalent outlay of US$12 million. The Takao plant may resume production by beginning of Spring 1947.

Exchange Markets

Hongkong

While few changes were recorded in US$ and CN$ markets during the week ending Nov. 2, the gold market was very active and prices advanced daily. The week's highest price was $325 per tael. From opening to closing of the week gold advanced $31 or 11%. CN$ exchange opened the week at HK$93¼ for forward and 111 for spot (for CN$100,000). Customs Gold Unit notes usually sell at about 1% premium. Closing rates on Nov. 2 were: 94½ and 114½. T.T. on Shanghai opening rate of the week: HK$110. Closing rate of the week: HK$114. Most business is done by native banks and larger exchange shops who also are responsible for the movement of the CN$/HK$ rate.

The Commercial Banks hope for an early clarification of the CN$ exchange position as far as the Hongkong Government is concerned so that transactions in Chinese currency can be legally handled by Chinese and European banks.

The US$ T.T. rate on the unofficial market was unchanged although the tendency was weak.

£ moved up and reached, after last week's record low of 15.10, once during the week under report HK$15.80.

On the local unofficial market the sterling US$ cross rate is now about US$3.50. The gold US$ cross rate was at the end of last week US$56 per ounce (or US$70 per tael).

Shanghai

Only gold experienced increases with foreign exchange on the black market rather weak. The improvement during the week under report (Oct. 28-Nov. 2) was 3.3%. The gold US$ cross rate has again improved in favour of gold, it stood on Nov. 2 at US$56 per oz.

The Central Bank of China warned all exchange shops that if they were found trading in U.S. notes at the black market rate their telephones would be removed and the operators punished.

The warning is in line with the efforts to force U.S. Dollar transactions not over 5 percent above the Bank's T/T rate.

Prices for Chinese bonds and shares, and foreign shares were weak, the average drop was 5 to 10%. Many speculators in Chinese and British shares liquidated in order to take part in gold speculation.

Hongkong & Shanghai Banking Corporation

Selling Rates for HK$

November 2

T/T	London	1/2.27/32
„	Shanghai	nominal
„	Singapore	52⅝
„	India	82⅜
„	Canada	24⅞
„	Australia	1/6⅜
„	New York	24⅞
„	Manila	50.1/16
„	Bangkok	243
„	France	2970
„	Switzerland	107

U.S. cross rate on London

4.02½ 4.03½

Hongkong Exchange Shops

Selling Rates in HK$

October	CN$	Gold per tael	£	US$
28	885	284	15.60	4.50
29	877	291	15.70	4.50
30	880	295	15.60	4.60
31	884	314	15.50	4.60
Nov. 1	890	313	15.70	4.55
„ 2	897	315	15.70	4.50

Shanghai Exchange Shops

Selling Rates in CN$

October	Gold per ounce	HK$	US$	£
28	226,800	900	4,180	14,700
29	228,000	910	4,200	14,600
30	233,500	900	4,250	14,600
31	233,500	900	4,200	14,600
Nov. 1	233,500	900	4,200	14,800
„ 2	233,500	900	4,200	14,800

Progress of Land Reform in North China

Facts & Figures

(From a Correspondent)

The agrarian reform movement to carry out Dr. Sun Yat-sen's long cherished goal of "land to those who till" is sweeping through all the areas of North China, the Kiangsu, Anhwei border and Manchuria. Except Manchuria, most of the liberated areas had already undergone the "reduction of rent and interest" during the 8 years war against Japan.

10,000,000 peasants in the Shansi-Hopei-Shantung-Honan Border Region have got land. This area contains one third of the total 30,000,000 population in the border region. 50 percent of the total villages in the Taiyueh Region have already carried out the principle of "land to those who till."

Paupers in Chitze (county) of the border region have disappeared. The poor and landless in most villages have an average of 4½ mow of land per head. Peasants who already had land were given animals during the movement to clear up accounts with landlords. Landlord families in this county were left with 11 mow of land per head after the agrarian reform thereby ensuring them a comfortable means of living. The only difference is that they have to work on land themselves.

During the movement, villages and families sent their men voluntarily to enlist in the 8th Route Army. More than 2,000 peasants in Chenggan enlisted within three days. Feicheng (county) in West Shantung sent nearly 2,000 youths to the Army.

The widespread "Land to those who till" movement which swept through Chahar Province after the V-J day is expected to stiffen the resistance of the local population. Preliminary reports of five counties including Kalgan and Hwailai state that over 450,000 peasants in 869 villages, that is more than 85 percent of the total population have already got land. The 80,000 people's volunteers of Hwailai and Chulu counties are now fighting.

Figures of 25 villages in Hsuanhua county where the capital of Chahar Province is located, show that the poor peasants now have an average of 3.2 mow of land per head. The middle peasants increased from 915 to 3,037. The middle peasant families have an average of 5.1 mow of land per head.

Agrarian Reform

Reports of the agrarian reform in the Communist-led areas south of the Great Wall and Manchuria show a marked general trend —the disappearance of landlords, beggars and rural poor and a marked increase of the fairly well-to-do peasants who form the middle class of the rural population. This trend took place even at a faster rate in Manchuria where land passed to those who till through the confiscation of the Japanese and Manchukuo lands which are estimated to form about 40 to 50 percent of the total land in Manchuria.

The cross section of this trend is seen in the following statistics obtained from an investigation into the agrarian reform of 25 villages in Taihang mountains in Shansi.

Tenant lands in these 25 villages ranged from 16 to 41 per cent of total acreage before the Anti-Japanese war. Tenant lands have now dropped to a percentage of from 3.7 to 4.43. There are now very few landlords in these 25 villages. Landlords now only form 1.14 per cent of the total population. Each landlord now has only average 13.7 mow of land. Middle peasants including the well-to-do and poor peasants totalling 88.7 percent of the total population in these 25 villages now hold 82.95% of the total land. Middle peasants on average hold 3.1 mow of land. Well-to-do middle peasants 3.93, and poor peasants 2.1 mow of land per head.

Landlords were left with enough land to keep their families going but they had now to work on the land themselves. Report from the Government of the Kiangsu Anhwei Border Region said that 100,000,000 dollars local currency were allotted as loans by the local democratic government to help landlords who wanted to take up new occupations or do business.

The purchasing power of the rural population has been raised through the agrarian movement. Statistics of the purchasing power of one village in Nanwang county in the Shansi-Hopei-Shantung-Honan Border Region for the year of 1946 showed that poor peasants bought 30.6 mow of land, 16 times of acreage more than that of 1939; middle peasants bought 85 mow, 53 times more than in 1939 and rich farmers bought 22.6 mow, 14 times more than in 1939.

HONGKONG'S SHIPPING

Returns for first 9 months

Six million tons entered & cleared

Although more and more ships call at Hongkong, and progress during the last 3 months was gratifying, we are still very far from approaching the prewar level. Shipping returns of the Colony as are for the first time since the liberation of Hongkong published in our pages reveal that, compared with 1939, tonnage entered and cleared is only about 40%. The monthly average is now approx. 1 million tons shipping entered and cleared against a 1939 average of 2½ million tons per month.

Following are returns for five prewar years:

Shipping Tonnage

Year	*Ocean going*	*River*	*Total*
	('000 omitted)		
1919	14,467	21,147	35,615
1924	27,874	28,856	56,731
1929	28,285	18,900	47,186
1934	28,905	13,008	41,914
1939	22,148	8,749	30,897

The peak of Hongkong shipping was recorded in 1924. During many years before the war Hongkong was one of the two or three greatest ports in the world.

If trade in this part of the world improves and world shipping returns to normal conditions Hongkong will once again figure as one of the largest ports in the world.

It was to be expected when studying Hongkong trade returns (which revealed that September trade here was only about 50—60% of the prewar volume; compare our Oct. 23 issue, pp. 12 & 13) that shipping could not have exceeded 50% of the prewar totals.

The monthly average is at the present about 450 ships, 1 million tons, and 90,000 passengers entering and clearing port.

British flags were very prominent during the first quarter of 1946 with about 70% of all shipping; U.S. flags followed with about 24% of the total. In the second quarter British and U.S. shipping accounted for 65% and 20% respectively of the total. In the third quarter British and U.S. flags accounted for about 57% and 20% of the total shipping.

River shipping only picked up in early Summer and has since steadily increased. Practically all river vessels sail under British flag.

Following are detailed statistics of arrivals at and departures from Hongkong for the first nine months of 1946:

Arrivals

1946	*No.*	*Tonnage*	*Passengers*
1st Quarter	245	529,632	33,824
2nd ,,	544	1,100,263	105,770
3rd ,,	687	1,412,885	139,099
	1,476	3,042,780	278,683

Departures

1st Quarter	262	523,735	44,755
2nd ,,	523	1,050,171	97,447
3rd ,,	685	1,432,179	120,385
	1,470	3,006,085	262,587

ARRIVALS

January—March 1946

Flag	Ocean No.	Ocean Tonnage	River No.	River Tonnage	Total No.	Total Tonnage	Cargo River Tonnage	Passengers River Steam.	Passengers Ocean Steam.	Passengers Total
British	104	323,542	26	26,661	130	350,203	4,425	16,628	9,343	25,971
U.S.	29	127,232			29	127,232			2,148	2,148
Chinese	3	7,260	34	3,654	37	10,914	744	1,932	17	1,949
Dutch	1	5,780			1	5,780				
Norwegian	8	15,079			8	15,079			8	8
Portuguese	1	5,193	33	7,128	34	12,321	546	3,252	474	3,726
Panama	5	4,718			5	4,718			13	13
Swedish	1	3,385			1	3,385			9	9
Total Foreign	48	168,647	67	10,782	115	179,429	1,290	5,184	2,669	7,853
Total	152	492,189	93	37,443	245	529,632	5,715	21,812	12,012	33,824

April—June 1946

Flag	Ocean No.	Ocean Tonnage	River No.	River Tonnage	Total No.	Total Tonnage	Cargo River Tonnage	Passengers River Steam.	Passengers Ocean Steam.	Passengers Total
British	203	578,745	156	139,026	359	717,771	14,130	80,508	17,179	97,687
U.S.	44	212,132			44	212,132			1,753	1,753
Chinese	59	51,319	20	4,046	79	55,365	840	1,344	2,057	3,401
Danish	4	21,408			4	21,408			50	50
Dutch	17	41,855			4	41,855			2,462	2,462
Norwegian	24	28,242			24	28,242			300	300
Portuguese			2	432	2	432	35	24		24
Panama	12	14,931			12	14,931			73	73
Swedish	3	8,127			3	8,127			20	20
Total Foreign	163	378,014	22	4,478	185	382,492	875	1,368	6,715	8,083
Total	366	956,759	178	143,504	544	1,100,263	15,005	81,876	23,894	105,770

July—September 1946

Flag	Ocean No.	Ocean Tonnage	River No.	River Tonnage	Total No.	Total Tonnage	Cargo River Tonnage	Passengers River Steam.	Passengers Ocean Steam.	Passengers Total
British	258	653,638	158	141,317	416	794,955	17,490	75,690	28,126	103,816
U.S.	52	277,456			52	277,456			3,587	3,587
Chinese	75	106,661	25	4,259	100	110,920	1,043	691	14,270	14,961
Danish	9	42,979			9	42,979			80	80
Dutch	25	72,382			25	72,382			11,680	11,680
French	1	1,652			1	1,652			3	3
Norwegian	35	54,523			35	54,523			3,309	3,309
Panama	27	28,979			27	28,979			182	182
Portuguese	1	3,847	8	1,728	9	5,575	288	872	—	872
U.S.S.R.	3	2,805			3	2,805			—	—
Swedish	5	13,857			5	13,857			52	52
Canadian	1	4,294			1	4,294			1	1
Philippine	4	2,508			4	2,508			556	556
Total Foreign	238	611,943	33	5,987	271	617,930	1,331	1,563	33,720	35,283
Total	496	1,265,581	191	147,304	687	1,412,885	18,821	77,253	61,846	139,099

DEPARTURES

Flag	Ocean Steamers No.	Ocean Steamers Tonnage	River Steamers No.	River Steamers Tonnage	Total No.	Total Tonnage	Cargo River Steamers Tonnage	Passengers River	Passengers Ocean	Passengers Total
January—March 1946										
British	113	342,000	28	29,053	141	371,053	4,697	20,345	18,969	39,314
U.S.	24	108,335			24	108,335			651	651
Chinese	14	5,462	35	3,651	49	9,113	616	1,067	58	1,125
Dutch	1	5,780			1	5,780			—	—
Belgian	1	1,332			1	1,332			—	—
Norwegian	5	8,308			5	8,308			21	21
Portuguese	1	5,193	35	7,560	36	12,753	1,134	2,922	474	3,396
Panama	4	3,676			4	3,676			36	36
Swedish	1	3,385			1	3,385			12	12
Total Foreign	51	141,471	70	11,211	121	152,682	1,750	3,989	1,452	5,441
Total	164	483,471	98	40,264	262	523,735	6,447	24,334	20,421	44,755
April—June 1946										
British	188	533,862	157	139,402	345	673,264	18,738	70,708	19,369	90,077
U.S.	47	221,929			47	221,929			1,165	1,165
Chinese	59	57,236	19	3,534	78	60,770	480	1,595	1,500	3,095
Danish	4	21,408			4	21,408			55	55
Dutch	14	32,320			14	32,320			2,630	2,630
Norwegian	20	19,761			20	19,761			332	332
Panama	11	14,566			11	14,566			48	48
Swedish	2	6,721			2	5,721			21	21
Portuguese			2	432	2	432	92	24		24
Total Foreign	157	372,941	21	3,966	178	376,907	572	1,619	5,751	7,370
Total	345	906,803	178	143,368	523	1,050,171	19,310	72,327	25,120	97,447
July—September 1946										
British	249	663,092	158	141,317	407	804,409	26,094	71,751	17,362	89,111
U.S.	53	278,780			53	278,780			2,767	2,767
Chinese	78	113,152	28	4,724	106	117,876	1,090	317	15,885	16,202
Danish	8	39,048			8	39,048			57	57
Dutch	26	78,603			26	78,603			5,805	5,805
Norwegian	38	58,900			38	58,900			3,415	3,415
Panama	25	25,524			25	25,524			247	247
Portuguese	1	3,847	8	1,728	9	5,575	207	648	55	703
U.S.S.R.	3	2,805			3	2,805			—	—
Swedish	5	13,857			5	13,857			33	33
Canadian	1	4,294			1	4,294			1	1
Philippine	4	2,508			4	2,508			42	42
Total Foreign	242	621,318	36	6,452	278	627,770	1,297	965	28,307	29,272
Total	491	1,284,410	194	147,769	685	1,432,179	27,391	72,716	45,669	120,385

The Lancashire Cotton Industry

By Argos

(Part 2)

We have so far dealt with the production of cloth. The next problem is how to get it to the consumer, which brings us to the subject of distribution. No matter how high may be the standard of technical efficiency in an industry, its success may be vitiated by a bad distributive system. A remarkable feature of the cotton industry seems to be the large charges which are demanded by the wholesale and retail organisations for distribution. For example a man's poplin shirt selling for 14/6 has about 1/2½ worth of raw cotton in it. When it leaves the factory it has cost 8/9. The wholesaling charges add another 1/9 and the retailer an additional 4/0. Approximately 40% of the selling price represents charges incurred after leaving the factory. It should be added, however, that these charges are comparable to those of other countries. Of more concern, therefore, is the quality of the distributive service. In pre-war days, the two distinctive features of the British weaving industry were the wide variety of cloth particulars and secondly the smallness of the orders. A mill might be spinning 25 different counts of yarn and a weaving shed of 200 looms wove on the average 180 different cloths per week. This lack of standardisation had indeed been forced on Lancashire owing to the loss of the China and Indian markets for standardised lines, but it should be realised that the markets were not lost because Lancashire ceased to standardise, while the "craze" for variety was not due so much to the stupidity of producers but rather because this type of production was forced upon them by the demands from such markets as remained. Something, however, might be done to ensure in many mills continuity of runs which could then be handed on to the merchant at lower cost. To survive the British textile industry must show flexibility and inventiveness, while implies that the trader must search out "gaps" in the production of other countries which Lancashire can fill by its superior workmanship and its capacity for changing styles. This does not mean flooding a market with a mass of patterns —a feature which is traceable to individual retailers requiring a distinctive pattern for their shops and not necessarily because the consumer demands it. High quality in fabric and design combined with good value for money are likely to be more attractive selling qualities in the eyes of the consumer. And this result is more likely to be achieved by market research on scientific lines than by the old fashioned "hunches" and opinions of experienced individuals. Too little attention has in fact been paid in the past to what the consumer actually wants.

The person who interprets the demands of the public to the producer is known in Lancashire as a "converter". He places orders for cloths of various styles, qualities, fabrics and finish, which he offers to wholesalers for distribution to retailers. The deciding factor then in what shall be produced is the decision of the converter, which hitherto has been based on a guess reached by a process of trial and error rather than on the scientific study of a market. If the margin of error is wide there will be waste in production and distribution which must be covered by the selling costs of marketable cloths. This does not imply that individual judgment shall be ruled out, but it does mean that market research is necessary as a background to such judgment. In the export

markets there appear to be two main classes of converters, the specialist who concentrates upon limited ranges of cloth, for example "shirtings", and sells them wherever he can, and the market specialist who deals with a few markets and sells to them any kind of cloth for which he can obtain orders. In recent years there has been a tendency, especially in the Dominions for orders to be booked by agents on the spot instead of sampling through London houses. In future instead of the complex distributing system intervening between the consumer and the producer, some organisation is required which will bring about closer collaboration between all classes of merchants and distributors. This, together with a thorough scientific survey of the possibilities of each particular market, should be able to achieve some reduction in the costs of distribution.

What then are the market prospects? For Lancashire these would appear to be conditioned by three factors. First there is the degree of ability, enterprise and competitive efficiency which the industry can attain. Secondly there is the degree of success which England's domestic economy can achieve by way of full employment, high wages and social security, coupled with high output per man hour. A full employment policy should bring a greater demand for consumer goods generally, while the redistribution of the national income through social security measures might bring an increased demand for wearing apparel and house furnishings in the home market. Again, the 30% of pre-war cotton yarn output which was used for industrial purposes will probably be increased as the demand for industrial products is stimulated by a policy of full employment. The third factor which will determine the future of the Lancashire cotton industry will be international conditions. Is the International Conference on Trade and Employment due to meet this year going to be able to guarantee the free flow of international trade or are we going back to the old system of economic nationalism with its prohibitions, tariffs and quotas which damage all and help none? What is going to be the future of the Japanese textile industry? Will the Japanese textile producers be permitted to retain the low wage rates and the high proportion of female labour backed by invisible subsidies, or will the conditions of producing and marketing be more in line with the practice of other nations?

The export prospects for Lancashire will in the long run depend on the total world consumption of cotton and rayon goods, and this inturn will fluctuate with world prosperity, the price of cotton goods and the extent in which this total consumption is met by local production assisted by the protective policies of national governments. The size of Lancashire's share of the international cotton trade will be determined by Britain's ability to compete in price, quality, etc., and the international policy regarding tariffs, preferences, quotas, exchange rates and the like.

In the inter-war years one of the most marked features was the decline in cotton textiles as an articles of international trade, although the world consumption of cotton goods was increasing. Taking 1913 as a base year, the world consumption rose from 100 in that year to 136 in 1937, but the value of international trade in cotton goods declined from 100 in 1913 to 62 in 1937. To take an example, India which in 1909-13 produced 1,141 million sq. yds. of piece goods and Imported 2,741 million sq. yds. per year, was in 1937 producing 4,250 million sq. yds. herself and importing only 724 million sq. yds. In 1928-29 Britain's share of the total world export trade in cloth was 44% and Japan's 19%. By 1937-38 Britain's share had dropped to 26% and Japan's had risen to 29%. Even if we accept the prospect of Japan's elimination from world markets, we must recognise that the production of textiles has altered considerably since before the war. In 1942 when Britain's energies were bent on winning the war, U.S.A. had doubled its export of piece goods compared with 1937; India's exports were 8 times more than they had been in the earlier year, while Brazil was sending overseas 35 times the amount she had been able to export in 1937. South American countries had doubled home production, and Egypt was making 12 times the quantity of piece goods in 1942 compared with 1937. These countries will want to maintain these industries, and those countries which have expanded their export trade can be expected to fight for the markets they have won. China will be in the export field once more, and it would be unwise to suppose that Japanese competition has gone for ever. She will have to be permitted some export trade, and with her heavy industry destroyed because of its potential war value, what would be more natural than that she should concentrate on light industries including textiles? Given a background of international trade more free than that which existed before the war, it is evident that competition will be intense and only the fittest will survive.

One important factor which will determine the future of the Lancashire cotton will be the application of scientific research to the industry. This has already had important effects in producing new fibres like rayon and purely synthetic fibres like nylon. The mixing of these with the older known fibres opens up interesting possibilities. Yet it must be admitted that Britain has lagged behind in cotton research. While something has been done in the production of artificial and synthetic fibres, and a great deal in the finishing industries, much remains to be done in the spinning and weaving sections. Apart from the Shirley Institute, which concentrates on textile machinery and the mechanical field, and the research departments of the large finishing firms, there has been very little work in the research field. 108 selected firms in the textile industry employing some 70,000 persons, had only 86 graduates on full time research. Even when scientific data is available, many firms lack the scientific staff necessary to understand and explain the reports and put them into practical effect. Great Britain has much to learn from America in placing qualified men from Universities and technical colleges in industry and merchanting firms to ensure the fullest application of scientific knowledge to industrial practice.

We may sum up this outline of the Lancashire cotton industry by saying that the immediate problem is to create a "prosperous industry". At the present time the industry is only producing cotton yarn at the rate of 715 million lbs. per annum, that is sufficient to supply the home demand (if the home market were permitted to absorb all it requires) and to allow the export of 50 million sq. yds. of piece goods per annum. In 1937 the export of cotton piece goods amounted to 1,921 million sq. yds. No doubt this position will improve as reconstruction gets under way, but as the prospects of a large addition to the labour force in the cotton industry are poor, the only method of getting that vital increase in the export trade is by obtaining increased productivity per worker. This implies the introduction of the best mechanical equipment, the best use of each type of cotton or combination of cotton and other fibres for each product, and the planning of orders to ensure economic production runs.

The Remedy

The rapid deterioration of the British textile industry in the inter-war years was not permitted to continue unnoticed by the British government and interested parties. As early as 1930 the "Clynes Committee" had analysed and reported on Lancashire cotton. Interest quickened during the war when the United Textile Factory Association issued its report for post war development, and the Platt Commission was sent to America to study the methods employed in U.S.A. and suggest how they might be advantageously applied to the British Textile industry. Overshadowing these reports, however, is the latest and most comprehensive study yet made of the British cotton industry contained in the Working Party's Cotton report published earlier this year. Many of the thirty four proposals made by that Commission can have little interest for those not actually engaged in the industry, but a survey of the recommendations as a whole will enable those interested in the British Cotton industry to appreciate the magnitude of the task which lies before British textiles, and since there was unanimity on all points, the differences of opinion might be set out to advantage.

In its report the Working Party insisted that an attempt should be made to maintain cotton as one of Britain's major industries capable of contributing in a large measure to the British export trade. Moreover the recommendations were made on the assumption that private enterprise would continue to run the industry, but this did not imply that the Government would not be asked to cooperate in matters which required Government aid to produce the most effective results. For example the government must provide a sure foundation for cotton enterprise in its domestic policy and it must seek to promote a régime of international trade which gives the industry an opportunity of selling its products in overseas markets.

The Commission is emphatic in its assertion that the British cotton industry must be prepared to work with a much smaller and higher paid labour force than in pre-war years. This calls for a major transformation in the industry to "fewer and better mills", using a greatly reduced number of modern spindles on a high draft system working double shifts. Only on this basis will the industry be able to maintain the necessary quantum of production, pay high wages, work with a reduced labour force and face successfully the competition of other countries.

Such a policy will require the introduction of modern machinery, but a revolutionary change over to automatic machinery is neither feasible nor desirable in view of the present capacity of the textile machine industry. The cost of this transformation is to be met by a re-equipment levy on the selling price of yarn and on each loom kept in production. To facilitate the transition the report recommends that the mills should be consolidated into groups, which would be large enough to handle their own problems of re-equipment, and in reducing the number of units in the spinning industry would make easier co-operation for a concerted policy.

It is these proposals which have given rise to the most acute controversy among the members of the Commission. Dissentient voices maintain that to force amalgamations might compel portions of the industry to exceed their optimum size. The four big combines which control ⅓ of the total spindles do not, it is alleged, show any great measure of efficiency over their smaller rivals. In U.S.A. the average size of the establishment has been falling for the past 20 years and the most efficient units now seem to comprise about 40,000 spindles and 900 looms. It is also argued that the present is not the best time for cutting down redundant plant. The future size of the industry is unpredictable, and no one knows just how much old plant to discard or how much new equipment to introduce. What is known is that a levy on production to finance the installation of new plant would be in the nature of a tax which handicap the industry in its efforts to compete with foreign textiles. The shortage of labour would of itself encourage the introduction of new machinery in those sections where in the opinion of the producers it would be most desirable and productive. Nor does it follow that re-equipment would result in any general and substantial reduction in costs and prices. Hitherto, many firms retaining the Lancashire loom have found it possible to compete with the automatic looms of neighbouring mills. Indeed a firm using old machinery may, because of its lower depreciation costs, still be able to market its products more cheaply than a rival which had to cover high depreciation charges on new machinery. In any case the varying needs of individual firms require varying treatment and the precise form which this treatment should take is best decided by the individual producer and not by a pre-determined policy fixed for the whole industry.

These are the main issues dividing the Lancashire cotton industry at present. There is, of course, far more agreement than dissent on the goals that Britain's cotton industry should strive to attain and the methods of reaching the desired ends. Disinterested neutral opinion feels that on the labour question, the commissioners were too pessimistic. In June 1939 there were 240,000 workers; in June 1946 230,000 and the intake was about 3,000 per month. So if the labour force can be increased to 300,000 in the next 3 years, and an overall economy in labour of 10% be effected, then the scale on which new machinery would be required for expanding gross output would be more modest. Gross output, however, must be viewed in relation to cost. If American practice is adopted the economy in labour should be 38% in spinning, 62% in weaving and 80% in winding and beaming. Estimated costs for Britain, however, show only small economies in operating charges for high draft spinning on double shifts and of less than 20% for automatic looms on double shifts. So prospective economies in labour when translated into terms of cost vanish almost completely. It is suggested that this might be explained by the fact that the American tends for more looms than his British counterpart. On the question of the levy that is to be raised to pay for the re-equipment of the industry there is disagreement as to the method by which it should be raised, but a levy of £25 million over three years seems to be a cheap price to pay for the re-equipment of an industry which is expected to contribute £60 million annually in exports alone.

Cotton, however, is only one of the British industries which is being faced with the mistakes of the past, the difficulties of reconversion in the present and on which high hopes are placed to provide a substantial portion of Britain's exports in the future. The reallocation of demobilised man-power to industries where it is most required, the developing in employers and workers the incentives to effort and enterprise that will yield the maximum dividends in output per head, and the controlling of the rate of re-equipment for all industry within the limits permitted by investment are national problems which no one industry can decide alone. The labour supply and the textile machinery position are tied hand in glove. If labour is short and wages high then it is more likely to be an economic proposition to replace labour by machinery. The capacity of the textile machine industry may not, however, be capable of coping with the demands made upon it without considerable expansion of both plant and labour force to work it. This in turn throws greater demands on the mechanical engineering and allied industries. So cotton, textile machinery and engineering industries finish by competing one with the other for the diminishing labour supplies. Before the war Britain and Germany divided the world trade in textile machinery—about £9 million each per annum; Switzerland and U.S.A. participating to a very small extent. Britain has now a clear field but output in textile machinery is not even sufficient to meet current export demands. When the clamour for re-equipment of the British textile industry is added to the present shortage in castings and labour, there must be careful planning of future production and of allocation of present output if a nicety of balance is to be preserved between the home and export demands.

Lancashire cotton has been given a second chance; an opportunity to work out its future while a sellers' market prevails. The steps that are taken within the next two years will decide whether British cotton will retain a dominant place in the international textile trade or whether it will be reduced to the size of a small national industry dependent solely on the home market. Whatever the result, it is certain that the enterprise and tenacity which built the greatest textile industry in the world will not be lacking in this fight for survival. The next few years will decide whether the old laissez-faire system can be successfully supplanted by a planned economy. For England the cotton industry seems to provide the decisive test.

Hongkong Conditions

In a report by U.S. Department of Commerce (Bureau of Foreign and Domestic Trade) local conditions were described as follows:

Total expenditures in the colony from May 1 until the end of the fiscal year, which begins on April 1, were expected to be approximately HK$75,000,000, with revenues less than HK$40,000,000, resulting in a deficit of HK$35,000,000. This estimate excludes expenditures for rehabilitation.

In 1939, import duties furnished 26.9 percent of revenues, and licences and property taxes were responsible for 39.7 percent. No other category furnished more than 8 percent of the revenues. Inasmuch as imports are now running about 5 percent higher than in 1939, and duties about 40 percent greater, the latter may offset any decrease in revenue from the income tax (imposed in the colony for the first time in 1940) and from other sources. As Government revenue in 1936-39 averaged about HK$35,000,000, expectation of slightly less than HK$40,000,000 in revenues during the coming year appears reasonable.

Building

It is estimated that approximately 174,000 tons of building materials will be required to repair or reconstruct Hong Kong's prewar housing accommodations. HK$187,109,000 has been estimated as the approximate cost, at March price levels, of repairs and building. These estimates do not include requirements for future day-to-day repairs, nor do they provide for repairing buildings up to prewar standards, but only to a minimum standard sufficient to render the building capable of occupation.

The committee appointed to study the housing shortage has made the following recommendations: (1) Appointment of an officer to coordinate and direct the work of reconstruction and housing; (2) engagement of a technical staff and others who are essential to supervise and carry out any building program: (3) rent control to remain as long as the housing shortage is acute: (4) Government to lease apartment buildings and tenements, to repair where necessary, and to sublet to approved tenants; (5) adequate building materials to be purchased and imported by the Government and registered in a Government pool; (6) assistance to be given to property owners by the Government in the form of allocation of materials and subsidization of the cost of repairs if reconstruction can be completed in a specified period.

Commodity Prices Drop

Most commodity prices dropped sharply during May. The selected grade of lignea cassia sold at HK$75 per picul (133.1/3 pounds), while the selected broken grade sold from HK$45 to HK$50 per picul, in both cases before cleaning. Cassia oil dropped approximately 43 percent to HK$850 per picul, while tin sold at HK$430 and wolframite (tungsten ore) at HK$230 per picul. Wood oil continued firm at approximately HK$220 per picul. A small amount of Saigon cassia reached the market and was selling at HK$150 per picul for the medium-thickness grade.

Communications Improved

The colony's original broadcasting equipment was destroyed by the Japanese and had to be maintained on small transmitters of low power and inferior quality. New transmitters were ordered by the Government and were placed in operation on May 30. A new 35-kilowatt transmitter has been ordered for Hong Kong, which will enable the Government to present its news in areas in South China that are now inaccessible.

Press reports stated that direct steamer service between Hong Kong and Wuchow, for both cargo and passengers, was to be resumed sometime in June, obviating the necessity of transporting cargo and passengers between the two places via Canton or Kongmoon.

Labor Unrest

During May industrial disturbances resulted in strikes by various labor unions. The strike of 150 employees of the gas company lasted only 4 days, with service being maintained by Royal Navy personnel. About 450 employees of the Hong Kong Electric Co. went on strike for a 100 percent increase in its basic wages. During the strike the tramway operators and telephone employees gave the strikers of the electric company tangible aid, thus enabling them to hold out for an extended period. On the ninth day of the strike the Government announced a general 50 percent increase in the rehabilitation allowance over the April-May rate of HK$56 for men and HK$40 for women, equivalent to a 100 percent increase in the basic allowance. The strike was settled on June 2 by giving the workers a 38 percent increase in their basic wages, achieved chiefly through upgrading.

Inasmuch as labor rates in the colony tend to be uniform, the success of the electric strike indicates a general increase in wages, either by basic wage increases or by upgrading workers.

Ginger Industry & Export Prospects

Hongkong's ginger industry has not yet been able to resume exports on a prewar scale which is partly due to high prices and the consequent refusal by the British Ministry of Food to grant import licences for preserved ginger. In 1939 exports of preserved ginger, a raw material of the baking and confectionary trades, totalled more than HK$2,800,000. It would benefit the whole economy of the Colony if ginger could be again shipped to Britain provided that prices can be reduced substantially. If the latest calculations of ginger prices will be found satisfactory by the British Ministry of Food an early resumption of exports can be expected.

The exporters of preserved ginger held recently a meeting where conditions of the trade were discussed and finally rock-bottom export prices could be arrived at. C. & F. prices for casks of 2 cwt. each (133.1/3 lbs. of ginger, 90.2/3 lbs. of syrup) are:

Stem Ginger in Syrup ...	£16.10.1
Cargo ,, ,, ,, ...	13. 7.4
Medium ,, ,, ,, ...	10.18.7

The following local firms are interested in the ginger export trade: J. M. Alves & Co., Arnhold Trading Co., Bunnan Tong & Co., J. H. Backhouse, H. Connell & Co., Gilman & Co., Holland - China Trading Co., J. D. Hutchison & Co., Li & Fung, Loxley & Co., John Manners & Co., Shewan Tomes & Co., South China Mfg. Export Co. Mr. Harrop of J. H. Backhouse Ltd. is regarded, together with Mr. U Tat Chee of the Hongkong Preserved Ginger Distributors, as the leading expert in this trade.

Local ginger factories can now offer London 3,000 casks at prices about five times prewar (1941). The previous price which could not be accepted by foreign importers was about 40% higher. The reduction of price was made possible after Government promised to make available white sugar at 40 cents per lb., new crop arrivals could be purchased much cheaper than before, and factories limited their profits to less than 5%.

Price Comparisons

The following are present and prewar prices of raw materials and wages, etc. relating to ginger preserving:

	1941	1946	Increase times
Ginger in brine per picul	$30	$150	5
Salt per picul ...	2	10	5
Vinegar per picul	2.50	20	8
Sugar per pound	0.07	0.40	6
Wooden cask each	3	40	13
Shipping charges 100 casks	12	300	25
Female workers per day	0.20	2	10
Male workers per month	12	100	8
Food per head per month	6	60	10

The above figures reveal the considerable decline of HK$ purchasing power. Shipping charges and cost of materials have particularly risen while labour costs are more or less in keeping with the increase of foodstuff prices.

A further reduction of prices of preserved ginger may be possible if Dept. Supplies, Trade & Industry could procure sugar at less than 40 cents per lb. Eventually a ceiling price for ginger imports will be decided upon by the Ministry of Food and if Hongkong ginger factories and exporters can afford selling at such price immediate shipments of preserved ginger valued at about HK$800,000 to 900,000 can be made from local accumulated stocks.

Local retail prices for stem ginger $4.50, for cargo ginger $2.50 per pound, including jar.

CHINA INDUSTRIAL & TRADE REPORTS

By Mr. Yeh Ching

By this time the United Kingdom Trade Mission to China, led by Sir Leslie Boyce, will have left China's ancient capital, Peiping, to continue their inspection tour of China's war-damaged industrial centres and the nation's potentialities in the fields of industry, finance and commerce in Southwest and South China.

Last week, while in Mukden, the Mission visited Anshan and saw the derelict of the well-known Anshan Steel Works, 85 kilometres south of Mukden, which before August 15, 1945 produced an estimated 1,330,000 tons of steel besides a considerably higher amount of iron ore.

Central News reported from Mukden that Mr. Shao Hsian-hua, Assistant Manager of the Anshan Steel Works, told Sir Leslie Boyce that 70 per cent of the Works' equipment and machinery—a total tonnage of 405,300—were dismantled and removed by the Soviets during their short occupation of Anshan last year. The news agency quoted Mr. F. K. Scott, member of the Mission, as saying that "it will require, provided political conditions are stable, two to three years to restore the plant to full production" and that "it will require £10,000.000 and an army of technicians to rehabilitate the plant".

Another Central News report quoted Sir Leslie Boyce as saying that there were no immediate prospects of British investing in China.

China might in the near future organise a Trade Mission to the United Kingdom to study economic and industrial conditions in Britain. The British Trade Mission while in Mukden last week were thus informed by Mr. Chin En-chi, Chairman of the Mukden Chamber of Commerce. The Chinese Mission, he said, would visit London, Birmingham, Liverpool, Edinburgh, Manchester and Glasgow.

While admitting that China's industry was hampered by being heavily weighted down by high costs of production, the Chinese Government, nevertheless, is determined to develop the natural resources of Manchuria, "regardless of the difficulties involved", a spokesman of the Natural Resources Commission, declared last week in Nanking.

China, according to reports, is depending considerably on heavy machinery reparations from Japan to start her big industries going again. Most of such machinery and equipment will be sent to Manchuria to assist restoration of full-capacity production in the Northeast.

Abolition of Chinese Customs tariffs on Sept. 9 resulted in a substantial increase in exports from North China. Bristles maintained the lead on the official exports list. In September alone, Bristles occupied 69 per cent of the total exports to the United States, as compared with 52 per cent in the previous month. September's declared exports to the United States amounted to the value of US$1,868,699 as compared with US$715,954 in August.

Comparison of total exports to United States:

Sept. 1946	US$1,868,669
Sept. 1941	835,699
Sept. 1940	641,124
Sept. 1939	313,354
3rd quarter, 1946	US$5,141,423
3rd quarter, 1941	2,805,142
3rd quarter, 1940	2,628,922
3rd quarter, 1939	1,599,864

China officially announced last week that henceforth foreign loans will be exclusively used in reconstruction projects, and industrial and mining enterprises. Loans at present under negotiation will be used for buying urgently needed machinery, communication and water conservancy equipment. China also hopes to procure completely equipped factories.

To facilitate economic rehabilitation work, China is to be divided into seven economic regions, each under the control of an Industry and Commerce Supervision Department. The seven controlling centres will be set up in Shanghai, Canton, Hankow, Tientsin, Chungking, Lanchow and Mukden.

Alert, enterprising Dr. K. C. Wu, Mayor of Shanghai, in his capacity as Chairman of the Textiles Control Committee, last week announced stringent measures to curb skyrocketing prices of cotton yarn in Shanghai. He called for registration of all such stocks within a few days, and pegged cotton yarn at CN$1,750,000 per bale for the 20's count materials, and restricted fortnightly allocations of cotton yarn to local consumers to 1,200 bales.

China is to get a quota of 2,000 tons of raw jute for the half year ending December 25, 1946, from India as a result of negotiations between the Chinese Commissioner in India and the Indian Government. The whole amount of jute will be licenced in favour of the China Textile Industries, Shanghai.

Tea from China to the United Kingdom will by the end of the year total 2,500,000 pounds which amount the British Food Ministry has approved. However, high prices, the unstable situation in China and poor quality of tea may consequently reduce this figure below the allotted amount since cases are known where British importers will refuse to accept bad cargo.

China's vegetable seed shortage will be somewhat relieved soon. The Japanese government has been ordered by SCAP to ship 62,460 kilogrammes of vegetable seeds. This initial amount will be shipped to Taiwan.

Reliable reports from Shanghai said that the CN$ banknote issue was not increased in September or October in conforming with the Government's policy to keep banknotes in circulation to a minimum. Soviet military notes in the Northeast provinces have been completely withdrawn while steps are being taken to withdraw the "puppet" banknotes in Manchuria (Manchu Yuan).

China's Trade Outlook

The continued heavy unfavourable trade balance of China has now led to alarmist reports in the Chinese press. The darkest and grimmest pictures are drawn and predictions of State bankruptcy and economic chaos are frequently found in editorial columns. The trade returns of Shanghai for September (which are published in detail elsewhere in this issue) have particularly occasioned this pessimism in the Chinese press. All hopes, it seems, which were pinned on the August 19 currency devaluation have been dashed. However, the view taken by Chinese papers is too grave and much too emotional.

September returns of trade cannot yet show the effect of the various measures for reduction of imports (by devaluing CN$, refusing foreign exchange allotments to many commodities, prohibiting raw cotton imports, etc.) and increase of exports (by abolition of export tax, granting of loans to export industries, government buying of export produce at subsidised prices, etc.). Most of the imports recorded by the Chinese Customs for the month of September have arrived partly during August and partly during the first three weeks of September. These goods were all ordered and paid before the Aug. 19 CN$ devaluation; a good many have yet to arrive since shipment across the Pacific takes several weeks, and the unloading in Shanghai will also require from one to three weeks since the port is notoriously congested.

Trade returns for October and November will much better prove whether the unfavourable balance of China can be relieved to some extent. It should be expected that imports will slightly decrease in quantity as compared to July figures; naturally the value will be rather higher than lower since the US$ has been appreciated. If October and November returns show import values not to be higher than July import values plus 50%, Chinese Government can be satisfied. However, even if one takes a view as catastrophic as so many of the Chinese newspaper editors do and supposes that the monthly rate of the adverse trade balance will considerably increase, it is, to say the least, premature to oracle about chaos and collapse of the national economy. One has first to learn about China's estimate for her balance of foreign payments. It is quite possible that China can afford an adverse trade balance of about US$600 to 700 millions (as we estimated in our Oct. 16 issue,

SHANGHAI'S TRADE

Huge Deficit for Period January to September

The Shanghai trade returns compiled by the Chinese Maritime Customs as published below reveal the enormous trade deficit which has accumulated during the first nine months of this year. The situation has not improved since the exchange revision of August 19 when CN$ was drastically devalued. It appears that exports cannot materially increase under present conditions. The unfavourable balance for the period January/September aggregates CN$620 billions, while for September the balance amounts to 169 billions. If not for the very large Unrra supplies, amounting to 30% of total imports, the trade position of Shanghai would have been very much worse.

A study of the quantities and articles both of imports and Unrra supplies will be revealing. It must be borne in mind that Shanghai monopolises practically all China's trade, and what conclusions one may arrive at when examining Shanghai trade returns, naturally apply fully to China as well.

Exports for first 9 months were just 20% of imports, while September exports amounted to 25% of September imports. The main export items were: oils, bristles, skin, silk piece goods, raw silk and tea.

Main imports were: raw cotton, chemicals, dyes, paper and paper ware, woollen piece goods, metals and ores, and gasoline, kerosene and other oils.

Unrra supplies were mainly: raw cotton, wheat flour, milk products, clothing, vehicles, canned foodstuffs and medicines.

To compute Chinese billions into foreign exchange is an invidious task since 3 different official rates of exchange prevailed during the first 9 months of this year. One can however give an equivalent US$ figure for September, viz.:

Imports	US$67 millions
Exports	US$16 millions
Deficit	US$51 millions

It should not be forgotten that the returns are official compilation and do not give the full picture of Shanghai's real trade. Large quantities of goods are regularly entering and leaving the city without Customs knowledge. A recent report from Shanghai stated that in a previous month Customs seizures of attempted smuggled imports totalled almost half a billion.

Following are Shanghai Imports and Exports for September 1946:

IMPORTS INTO SHANGHAI
(Not including UNRRA Supplies)

DESCRIPTION	SEPTEMBER 1946 Quantity	Value C.N.$ (Unit: C.N.$1000)
Cotton Piece Goods ....Meters	3,573,079	3,735,805
Cotton Raw ....Meters	204,020	34,801,090
Cotton Clothing, and all articles of personal wear and parts or accessories thereof, n.o.r. ......Kilograms	97,893	587,012
Cotton Goods, n.o.r. ....Kilograms	208,906	500,980
Flax, Ramie, Hemp, Jute, and Manufactures thereof ....Value	—	3,903,804
Wool and Manufactures thereof ...Value	—	11,754,816
Silk (incl. Artificial Silk) and Manufactures thereof ....Kilograms	55,140	578,258
Metals and Ores ....Quintals	247,243	12,325,176
Machinery and Tools ....Value	—	6,254,902
Vehicles and Vessels ....Value	—	7,398,794
Scientific Instruments or Apparatus, and parts or accessories, n.o.r. Kilograms	57,254	952,080
Coal, Oil, and Spirit Burning Appliances and parts ....Quintals	193	31,164
Electric Accumulators and Dry Cells ....Kilograms	272,352	506,326
Electric Wire, Insulated ....Quintals	2,389	420,287
Radio Sets and parts ....Kilograms	201,469	2,078,751
Watches and parts ....Kilograms	1,621	1,219,513
Metal Manufactures, n.o.r. ......Quintals	128,150	2,463,756
Fishery and Sea Products ......Quintals	5,070	1,270,671
Condensed Milk, Cream and Milk, Evaporated or Sterilised, and Milk Food ....Kilograms	543,927	1,696,099
Foodstuffs, canned or in any other packing, n.o.r. ....Kilograms	7,782,266	2,041,854
Coffee ....Kilograms	174,832	343,862
Animals Products and Groceries, n.o.r. ....Kilograms	486,692	600,315
Cereal and Flour ....Quintals	151,397	4,865,653
Fruits, Seeds, and Vegetables ...Quintals	50,201	5,153,187
Medicinal Substances and Spices ....Kilograms	205,280	577,568
Sugar (Sucrose), not incl. Cube and Leaf ....Quintals	—	4
Wines, Beer, and Spirits, n.o.r. ....Litres	73,662	222,494
Cigarettes ....500's	648,904	3,024,746
Tobacco, Leaf ....Kilograms	2,842,436	9,233,800
Tobacco, n.o.r. ....Kilograms	1,666,585	837,454
Chemicals and Pharmaceuticals Quintals	154,944	16,841,977
Dyes, Pigments, Paints, and Varnishes ....Kilograms	5,055,363	10,920,930
Gasoline, Naphtha, and Benzine, Mineral ....Litres	54,104,427	7,355,326
Liquid Fuel ....Metric Tons	65,823	5,024,201
Essential Oils, Essences, and Constituents of Synthetic Perfumes, n.o.r. ....Hectograms	512,836	722,644
Kerosene Oil ....Litres	28,906,126	6,778,824
Linseed Oil ....Litres	—	—
Lubricating Oil ....Litres	6,953,621	2,644,197
Oils and Fats (not including Vegetable), n.o.r. ....Quintals	21,968	1,209,765
Books, Maps, Paper; and Wood Pulp ....Quintals	183,953	16,655,216
Hides, Leather, and other Animal Substances ....Quintals	12,907	5,541,138
Softwood, Sawn ....Cubic Meters	34,948	2,546,279
Railway Sleepers ....Pieces	25,509	272,439
Coal, Fuel, Pitch, and Tar ....Quintals	262,839	1,673 837
Cement ....Quintals	37,086	337,118
Building Materials, n.o.r. ....Quintals	23,290	676,450
India-rubber and Gutta-percha, Old, Waste, and Crude ....Quintals	22,762	2,544,255
Rubber Pneumatic Tires for Motor Vehicles ....Pieces	22,458	1,388,372
Rubber Manufactures, n.o.r. .....Quintals	552	295,917
Office Requisites, n.o.r. ....Kilograms	69,591	1,485,617
Cinematographic Films, Developed (standard width of 35 mm.) ..Meters	698,397	282,409
Miscellaneous Goods and Sundries, n.o.r. ....Kilograms	1,114,566	4,180,907
Others ....Value	—	13,848,131
Total	—	222,606,170
January-September 1946	—	781,855,461

page 10) for 1947. American loans and credits, disposal of Japanese and "puppet" properties, oversea Chinese remittances and U.S. Forces spending in China may possibly lead to a considerable reduction of the trade deficit. There is another item which might bring in some millions of US$, viz. the compulsory purchase of foreign credits and foreign currency deposits by Chinese and foreign residents in China.

The Japanese assets taken over by the Chinese Government in Shanghai are estimated at between US$300 to 400 millions. They were originally higher but much of the movable assets have disappeared. Japanese industrial installations, properties and stocks of raw materials in those parts of China which are under Nanking's control will, if saleable, bring about US$200 to 300 millions. It cannot be expected, however, that all this money will be forthcoming from Chinese banks and industrialists. Only a few factories will prove of interest to Chinese private enterprise. The Chinese government has made it clear that heavy industries and textile factories will remain government property. Altogether 150 factories in Shanghai will be sold to the public.

UNRRA SUPPLIES (IMPORTS)

SEPTEMBER 1946

DESCRIPTION	Quantity	Value C.N.$ (Unit: C.N.$1000)
Shirtings and Sheetings, Dyed, Plain ....Meters	125,084	81,913
Drills and Jeans, Dyed (3 or 4 shaft only) ....Meters	4,053,511	1,833,347
Cotton Piece Goods, White or Dyed, n.o.r. ....Meters	1,810,001	882,010
Printed Cotton Piece Goods, n.o.r. Meters	105,510	74,866
Cotton, Raw ....Quintals	74,469	13,298,328
Cotton, Clothing, and all articles of personal wear and parts or accessories thereof, n.o.r. ....Kilograms	97,080	636,227
Cotton, Goods, n.o.r. ....Kilograms	458,854	2,590,368
Flax, Ramie, and Hemp, Raw ...Quintals	—	—
Cordage, Twine, and Rope ....Quintals	1,794	58,171
Gunny Bags, New ....Quintals	5,979	600,310
Wool, Carded or Combed Wool, and Waste Wool ....Kilograms	1,524,197	1,820,140
Woollen Blankets and Rugs ...Kilograms	232,785	979,061
Woollen Clothing, and all articles of personal wear and parts or accessories thereof, n.o.r. ....Kilograms	1,365,054	6,180,166
Aluminium (not including Foil) ....Kilograms	647	1,222
Rails ....Quintals	25,854	382,521
Wire Rope, New, Ungalvanized Iron & Steel ....Quintals	—	—
Wire Rope, New, Galvanized Iron and Steel ....Quintals	1,781	22,371
Structural Sections or Building Forms of Iron or Steel, fabricated for use ....Quintals	—	—
Electric Dynamos or Generators ...Pieces	—	—
Pumping Machinery, Pumps, and parts ....Quintals	19	17,310
Prime Movers and parts ....Quintals	2,519	148.450
Machinery and parts, n.o.r. ....Quintals	2,162	250,653
Hand Tools, n.o.r. ....Kilograms	191,849	110,122
Machine Shop Tools (incl. Pneumatic & Electrically Operated Tools) ....Kilograms	—	—
Vehicles and Vessels ....Value	—	4,296,360
Scientific Instruments or Apparatus, and parts or accessories, n.o.r. Kilograms	283,160	76,480
Electric Cables ....Quintals	—	—
Electric Accumulators and Dry Cells ....Kilograms	636	4,045
Electrical Fittings and Materials, n.o.r. ....Kilograms	—	—
Electrical Appliances, n.o.r. ....Quintals	2	539
Metal Manufactures, n.o.r. ....Quintals	—	—
Condensed Milk, Cream and Milk, Evaporated or Sterilized, and Milk Food ....Kilograms	14,878,236	6,590,227
Foodstuffs, canned or in any other packing, n.o.r. ....Kilograms	4,478,734	3,007,855
Soy, Sauce, etc., for Flavoring Food, n.o.r. ....Kilograms	—	—
Animal Products and Groceries, n.o.r. ....Kilograms	1,247,999	577,493
Rice and Paddy ....Quintals	67,455	2,919,689
Wheat ....Quintals	155,315	1,488,142
Cereals, n.o.r. ....Quintals	—	—
Wheat Flour ....Quintals	370,577	7,996,089
Flours, n.o.r., and Starch (non-edible) ....Kilograms	7,530,077	1,548,130
Beans and Peas ....Quintals	10,465	510,918
Ale and Beer, in bottles ....Litres	—	—
Waters, Table, Aerated and Mineral ....12 bottles	—	—
Fertilisers, Chemical or Artificial, n.o.r. ....Quintals	37,364	539,907
Chemicals and Chemical Compounds, n.o.r. ....Quintals	43,578	618,835
Medicines, Drugs, etc., n.o.r. ...Kilograms	5,517,086	3,823,694
Liquid Fuel ....Metric tons	—	—
Cod-liver Oil ....Kilograms	—	—
Lubricating Oil ....Litres	87,495	39,012
Leather Boots and Shoes ....Pairs	715,800	326,463
Timber, n.o.r. ....Quintals	10	200
Woodware, Bambooware, and Rattanware ....Quintals	284	5,172
Cement ....Quintals	—	—
Building Materials, n.o.r. ....Quintals	6	1,280
Imitation Leather and Oil-cloth (not for Flooring), and Manufactures thereof ....Kilograms	—	—
Miscellaneous Goods and Sundries, n.o.r. ....Kilograms	113,536	453.085
Others ....Value	—	1,460,824
Total	—	66,260,059
January-September 1946	—	232,295,793

EXPORTS FROM SHANGHAI

SEPTEMBER 1946

DESCRIPTION	Quantity	Value C.N.$ (Unit: C.N.$1000)
Bristles ....Kilograms	631,844	8,215,280
Eggs, Poultry, Preserved and Salted ....Thousands	59	10,252
Feathers ....Quintals	2,948	939,522
Hair, Human ....Quintals	21	17,645
Intestines, Pig ....Quintals	589	389,527
Hams, Whole, in bulk ....Quintals	12	4,545
Meats, Preserved and Prepared, n.o.r. ....Quintals	1	226
Musk ....Hectograms	474	114,710
Lard, in bulk ....Quintals	—	—
Animal Products, n.o.r. ....Kilograms	11,258	36,156
Skins, Dressed or Undressed, not make up ....Value	—	5,020,265
Skin Mats and Rugs, Kid ....Pieces	600	2,903
Skin Crosses ....Pieces	28,340	222,845
Fishery and Sea Products ....Quintals	662	175,084
Beans and Peas ....Quintals	2,676	165,881
Bran ....Quintals	25,000	410,000
Flour, Wheat (including Semolina) ....Quintals	—	—
Rice and Paddy (including Ships' Stores) ....Quintals	112	7,000
Nurgalls	—	—
Fruits, Fresh, Dried, and Preserved ....Quintals	405	70,225
Medicinal Substances and Spices (not including Chemicals) ....Quintals	4,094	827.812
Oils, Tallow, and Wax ....Quintals	58,363	11,286,833
Seeds ....Quintals	1,134	194.551
Spirituous Beverages ....Quintals	358	98.662
Tea ....Quintals	16,107	3,448.030
Tobacco ....Value	—	157.242
Vegetables ....Quintals	7,838	396.942
Other Vegetable Products ....Quintals	868	442,525
Bamboo, Split, Leaf, etc. ....Quintals	—	—
Timber, Softwood and Hardwood ....Quintals	—	—
Paper ....Quintals	567	63.545
Cotton Waste ....Quintal	18.963	1,093 [illegible]
Silk, Raw ....Kilograms	92.784	3,435.149
Silk, Waste ....Kilograms	135.571	732.594
Sheeps' Wool ....Kilograms	127,089	151,215
Cotton Yarn ....Quintals	—	—
Lace and Trimmings ....Kilograms	9.416	376.521
Cotton Piece Goods ....Quintals	1.075	1,108.154
Silk Piece Goods ....Kilograms	72.643	4,134 123
Silk Pongees ....Kilograms	5,051	266,707
Cotton Blankets and Counterpanes ....Quintals	86	105.599
Towels ....Quintals	519	473,421
Woollen Carpets (including Wool and Cotton Carpets and Flour Rugs) ....Quintals	111	105,905
Clothing and Articles of Personal Wear n.o.r. ....Value	—	745.320
Cotton Products, n.o.r. ....Kilograms	2,368	35,521
Textile Products, n.o.r. ....Quintals	751	66.112
Wolfram Ore (Tungsten) ....Quintals	4,500	630,000
Regulus Antimony ....Quintals	1,200	300,000
Brassware ....Quintals	54	56,104
Iron (including Steel), and Manufactures thereof, n.o.r. ....Quintals	381	607,444
Metals and Metallic Products, n.o.r. ....Quintals	173	144,859
Glass, Window, Common, Unsilvered ....10 square meters	—	—
Glass, and Glass or Vitrified Ware, n.o.r. ....Quintals	256	208,328
Stone, Earth, Sand, and Manufactures thereof (including Chinaware and Enamelledware) ....Quintals	1,601	269,465
Chemicals and Chemical Products ....Quintals	4,358	581,587
Printed Matter ....Quintals	554	220,674
Braid, Straw, Mottled ....Quintals	22	12,305
Hats, Buntal and Hemp Fibre, Straw and Rush ....Pieces	213.033	336,903
Hair-nets, made of Human Hair ...Gross	29,215	478,461
Matches (not including those containing White or Yellow Phosphorus) ..Grow	—	—
Mats ....Quintals	—	2
Matting ....Rolls of 37 meters	—	—
Mineral oils and their derivatives, n.o.r. ....Kilograms	590	372
Electric Lamps and Lampware (including Bulbs) ....Kilograms	18,185	281,493
Jewellery (not including Goldware and Silverware) ....Hectograms	998	146.005
Stationery, n.o.r. ....Quintals	23	25.764
Toilet Requisites, n.o.r. ....Kilograms	5,894	20.132
India-rubber Goods, n.o.r. ....Kilograms	494	2.922
Others ....Value	—	3,701.157
Total	—	53,520.163
January-September 1946	—	161,763,948

HONGKONG COMPANIES' ANNUAL MEETINGS

Resumes and Balance Sheets of Ten Public Companies

(Concluded from two previous issues of Oct. 23 and 30)

THE HONGKONG AND WHAMPOA DOCK CO., LTD.

The ordinary yearly meeting was held on July 15, 1946 at which the following report by the Directors was made:

The Establishments of the Company at Kowloon, Cosmopolitan and Aberdeen Docks were evacuated in December, 1941, on the surrender of the Colony. The premises were re-occupied in September, 1945.

All Books and Records of the Company were destroyed during the occupation and it has been necessary to open new books based on the published Balance Sheet at 31st December, 1940, Statements of Accounts received from Agents and Bankers and records sent to Australia prior to the War for safe custody.

The Profit for the year 1941, after making provision for bad and doubtful debts and contingencies, has been estimated at $2,855,574.62 and added to Reserves and Unappropriated Profits. There has been charged thereto war losses to the extent of $5,200,361.26.

The amount carried forward from 31st December, 1940, was	$194,743.43
The Estimated Profit from 5th September, 1945 to 31st March, 1946 is	95,859.61
leaving at Credit of Profit and Loss Account at 31st March, 1946, the sum of	$290,603.04

which will be carried forward to new Account.

Directors: Mr. D. F. Landale (Chairman), Messrs. M. K. Lo, L. Kadoorie, E. R. Hill, S. T. Williamson and D. C. Miller.

BALANCE SHEET AS AT 31ST MARCH, 1946

Liabilities.

AUTHORISED CAPITAL:— 1,000,000 shares of $10 each fully paid	$10,000,000.00		
ISSUED CAPITAL:—			
355,110 shares of $10 each fully paid as per last account		$3,551,100.00	
116,866 new shares issued 1940 of $10 each fully paid		1,168,660.00	
			$4,719,760.00
RESERVES & UNAPPROPRIATED PROFITS:—			
General Reserve	$ 2,250,000.00		
Special Reserve	1,050,000.00		
Premium on new shares	233,732.00		
	$ 3,533,732.00		
Estimated surplus for 1941 after providing for Bad and Doubtful Debts & contingencies	2,855,574.62		
	$ 6,389,306.62		
Less Estimated War Losses	5,200,361.26		
		$1,188,945.36	
PROFIT & LOSS ACCOUNT:—			
Amount brought forward from 1940	194,743.43		
Add Profit for the period to 31st March, 1946	95,859.61		
		290,603.04	
			1,479,548.40
Shareholders Capital & Surplus			$6,199,308.40
CURRENT LIABILITIES:—			
Sundry Creditors & Accrued Charges		$4,702,091.23	
Bills Payable		46,372.82	
			4,748,464.05
			$10,947,772.45

Assets.

LEASEHOLD PROPERTY AND DOCKS at Kowloon, Cosmopolitan and Aberdeen at Cost less Depreciation as per Account at 31st December, 1940	$4,022,033.24	
Additions less Depreciation 1941	312,831.03	
	$4,334,864.27	
Amount written off, estimated War Damage	1,134,864.27	
		$3,200,000.00
BUILDINGS at Cost less Depreciation, as per Account at 31st December, 1940	$2,314,761.01	
Depreciation 1941, less additions	50,112.87	
	$2,264,648.14	
Less Written off, estimated War Damage	1,264,648.14	
		1,000,000.00
PLANT, MACHINERY & TOOLS at Kowloon, Cosmopolitan and Aberdeen Docks at Cost less Depreciation, as per Account 31st December, 1940	$1,057,161.30	
Depreciation 1941, less additions	93,223.23	
	$ 963,938.07	
Less Written off, estimated War Damage	263,938.07	
		700,000.00
FLOATING PLANT at Cost less Depreciation as per Account at 31st December, 1940	$ 161,676.21	
Depreciation 1941, less additions	16,167.62	
	$ 145,508.59	
Less Written off, estimated War Damage	125,508.59	
		20,000.00
		$4,920,000.00
CURRENT ASSETS:—		
Sundry Debtors	$1,618,967.82	
Materials in Stock and in Transit at Cost and Work in Progress at amount expended thereon, less Instalments received on Account	1,802,095.01	
Hongkong & Shanghai Banking Corporation	616.747.01	
Cash in Hand	1,568.86	
Total Current Assets		4,039,378.70
WAR LOSSES—SUSPENSE ACCOUNT		
Shipments from England diverted to Australia, India, etc.	$ 648,491.59	
Amount expended to date on Rehabilitation of Kowloon & Cosmopolitan Docks	1,339,902.16	
		1,988,393.75
Estimated War Losses Written off against Reserves	$5,200,361.26	
		$10,947,772.45

Investment Returns of Hongkong Public Companies

Following are investment returns of the leading 15 Public Companies of the Colony based on company results for the years 1927 to 1940.

(To be continued in next issue)

HONGKONG & SHANGHAI BANKING CORP.

CAPITAL ISSUED (31.12.40):—

160,000 Shares each $125.00 fully paid=$20,000,000.00

Year	Net Profit	Dividends Paid Amount	Per Share		Share Market High	Low
	$	$	£	$		
1927	14,239,288	12,676,923	8	79.23	$1,160	$1,030
1928	13,430,062	12,643,679	8	79.02	1,340	1,150
1929	14,148,210	12,858,546	7	80.37	1,385	1,200
1930	20,726,730	19,135,114	7	119.59	1,765	1,290
1931	16,469,461	15,894,261	6	99.34	2,200	1,475
1932	16,893,720	15,296,528	6	95.60	1,700	1,290
1933	15,206,225	13,612,034	6	85.08	1,850	1,600
1934	13,004,697	12,109,652	6	75.69	1,890	1,565
1935	12,088,842	10,955,441	5.10/-	68.47	1,630	960
1936	15,107,175	14,013.926	5.10/-	87.59	1.875	1,485
1937	15,432,217	14,308,641	5.10/-	89.43	2,000	1,425
1938	15,296,621	14,198,319	5.10/-	88.74	1,605	1,325
1939	13.353.965	12.962.256	5	81.01	1,495	1,100
1940	13.999.870	12.907,563	5	80.67	1,500	1,000
	$209,397,083	$193,572,883	£86	$1,209.83		

Average Profit over 14 years .... $14,956,935 per annum.
Average Dividend over 14 years on present Capital .... $13,826,634 per annum. =$86.42 per share p.a.

Market Prices 1927/41:—High 1931—$2,200. Low 1935—$960.
Investment Return on price of $1,500 (15.9.41)

On average dividend over 14 years ($86.42 per share)—5.76%
On dividend paid for 1940 ....($80.67 per share)—5.38%

HONGKONG & WHAMPOA DOCK CO., LTD.

CAPITAL ISSUED (31.12.40):—

471,976 Shares each $10.00 fully paid—$4,719,760.00.

Year		Net Profit	Dividends Paid	Share Market High	Low
1927	....	$ 133,436	——	$45.00	$31.00
1928	............Loss	435,214	——	48.50	33.50
1929	....	614	——	41.00	32.00
1930	............Loss	171,712	——	40.50	30.00
1931	............Loss	294,594	——	36.00	28.00
1932	............Loss	432,820	——	29.00	18.00
1933	....	52,422	——	24.00	15.00
1934	....	43,386	——	16.50	11.00
1935	....	69,568	——	12.75	6.50
1936	....	435,246	——	15.00	9.00
1937	....	1,188,964	——	34.75	14.00
1938	....	1,605,472	279,015	35.25	16.25
1939	....	1,109,214	355,110	19.25	16.10
1940	....	1,252,429	454.897	18.00	14.00
		$4,556,411	$1,089,022		

Average Profit over 14 years—$325,458 per annum.

Average Dividend over 14 years—$77,787.28 p.a.—16 cents per share p.a. on Issued Capital.

Market Prices 1927/1940:—High—1928 $48.50. Low 1935—$6.50.

Investment Return on price of $20.00 (15.9.41)

On average dividend over 14 years (16 cents per share)—0.8%
On Dividend paid for 1940 .... (96 cents per share)—4.8%

HONGKONG & KOWLOON WHARF & GODOWN CO., LTD.

CAPITAL ISSUED (31.12.40):—

90,000 Shares each $50.00 fully paid—$4,500,000.00

Year	Net Profit	Dividends Paid	Share Market High	Low
1927	$ 662,306	$ 640,000	$127.50	$ 98.00
1928	645,025	640,000	142.00	125.50
1929	730,055	720,000	149.00	120.00
1930	665,610	720,000	186.00	143.00
1931	668,361	640,000	174.00	149.00
1932	813,245	640,000	159.00	138.00
1933	574,593	560,000	145.00	112.00
1934	544,755	520,000	120.00	97.00
1935	426,813	460,922	116.50	78.00
1936	381,048	405,000	117.00	87.00
1937	955,788	765,000	120.00	105.00
1938	1,565,374	900,000	140.00	112.50
1939	1,203,786	630.000	172.00	99.00
1940	1,036.535	630 000	108 00	80.00
	$10,873,294	$8,870,922		

Average Profit over 14 years—$776,663 per annum.

Average Dividend over 14 years—$633.637 p.a.—$7.04 per share p.a. on Issued Capital.

Market Prices 1927/1940:—High 1930—$186. Low 1935—$78.

Investment Return on price of $91.00 (20.8.1941).

On average dividend over 14 years ... ($7.04 per share)—7.7%
On dividend paid for 1940 .... ($7.00 per share)—7.7%

CHINA PROVIDENT LOAN & MORTGAGE CO., LTD.

CAPITAL ISSUED (31.12.40):—

442,213 Shares each $5.00 fully paid—$2,211,065

Year	Net Profit	Dividends Paid	Share Market High	Low
1927	$ 21,247	——	$ 5.25	$ 3.40
1928	41,794	——	6.60	3.90
1929	70,530	——	5.75	3.90
1930	54,827	62,642	6.25	4.90
1931	90,384	117,917	6.70	4.75
1932	203,845	176,874	5.40	4.25
1933	71,288	88,437	4.80	2.50
1934 ....Loss	39,426	——	2.75	1.40
1935	191	——	1.50	.45
1936 ....Loss	27,130	——	2.70	.80
1937	236,018	176,873	2.55	1.50
1938	556,057	312,292	4.00	1.95
1939	283,675	221,106	6.75	5.40
1940	419,491	331,660	5.25	3.35
	$1,982,791	$1,487,801		

Average Profit over 14 years—$141,627.93 per annum.

Average Dividend over 14 years $106,271.50 p.a.—24 cents per share p.a. on Issued Capital.

Market Prices 1927/1940:—High 1939—$6.75. Low 1935—45 cents.
Investment Return on price of $7.80 (15.9.41).

On average dividend over 14 years (24 cents per share)—3.1%
On Dividend paid for 1940 .... (75 cents per share)—9.7%

HONGKONG LAND INVESTMENT & AGENCY CO., LTD.

CAPITAL ISSUED (31.12.40):—

300,000 Shares each $25.00 fully paid—$7,500,000.00

Year	Net Profit	Dividends Paid	Share Market High	Low
1927	$ 1,005,227	$ 960,000	$86.00	$50.00
1928	1,070,758	960,000	68.50	63.00
1929	1,053,182	960,000	68.50	59.00
1930	1,485,395	1,003,757	88.00	63.50
1931	1,175,660	1,200,000	94.25	79.00
1932	1,537,630	1,200,000	82.75	72.00
1933	1,112,996	1,200,000	80.00	70.00
1934	994,409	900,000	73.50	49.50
1935	988,451	600,000	55.00	22.50
1936	807,186	600,000	41.00	29.00
1937	907,878	600,000	37.50	29.75
1938	1,148,495	750,000	39.25	30.00
1939	1,372,013	825,000	37.50	30.00
1940	1,077,574	750,000	41.00	28.50
	$15,736,854	$12,508,757		

Average Profit over 14 years—$1,124,061 per annum.

Average Dividend over 14 years—$893,483 p.a.—$2.98 per share p.a. on Issued Capital.

Market Prices 1927/1940:—High 1931—$94.25. Low 1935—$22.50.

Investment Return on price of $38.50 (15.9.41).

On average dividend over 14 years ($2.98 per share)—7.7%
On Dividend paid for 1940 .... ($2.50 per share)—6.5%

HONGKONG & SHANGHAI HOTELS LTD.

CAPITAL ISSUED (31.12.40):—

1,193,867 Shares each $7.50 fully paid—$8,954,002.50.

Year	Net Profit	Dividends Paid	Share Market High	Low
1927	$ 374,540	——	$ 8.25	$ 6.50
1928	1,297,200	——	10.65	7.25
1929	615,784	398,180	12.00	8.25
1930	170,004	398,180	13.50	10.00
1931	706,855	540,000	18.40	12.10
1932	252,800	438,773	15.40	9.10
1933	241,215	——	10.90	6.00
1934	100,986	——	6.50	4.50
1935	52,776	——	5.60	3.00
1936	220,064	298,467	6.30	4.00
1937	640,187	477,547	8.20	5.00
1938	810,607	716,320	7.60	5.00
1939	683,558	596,934	7.15	3.50
1940	329,863	298,467	6.00	3.00
	$6,496,439	$4,162,868		

Average Profit over 14 years—$464,031 per annum.

Average Dividend over 14 years $297,348 p.a.—25 cents per share p.a. on Issued Capital.

Market Prices 1927/1940:—High 1931—$18.40. Low 1935-1940 $3.00.

Investment Return on price of $4.50 (15.9.41).

On average dividend over 14 years (25 cents per share)—5.6%
On Dividend paid for 1940 .... (25 cents per share)—5.6%